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# Financial report and audited financial statements

**for the biennium ended 31 December 2013**

**and**

# Report of the Board of Auditors

**Volume IV**
**United Nations University**

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*Note*

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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# Contents


| Chapter | | Page |
|---|---|---|
| | Letters of transmittal | 5 |
| I. | Report of the Board of Auditors on the financial statements: audit opinion | 7 |
| II. | Long-form report of the Board of Auditors | 9 |
| | Summary | 9 |
| | A. Mandate, scope and methodology | 11 |
| | B. Main findings and recommendations | 11 |
| | 1. Follow-up of previous recommendations of the Board | 11 |
| | 2. Financial statements and financial reporting | 12 |
| | 3. Progress towards the implementation of the International Public Sector Accounting Standards | 13 |
| | 4. Relationship between the United Nations University and the Japan Foundation for the United Nations University | 14 |
| | 5. Programme and project management | 16 |
| | 6. Procurement and contract management | 17 |
| | 7. Consultants and individual contractors | 18 |
| | 8. Non-expendable property management | 19 |
| | C. Disclosures by management | 20 |
| | 1. Write-off of losses of cash, receivables and property | 20 |
| | 2. Ex gratia payments | 20 |
| | 3. Cases of fraud and presumptive fraud | 20 |
| | D. Acknowledgement | 21 |
| | Annex<br>Status of implementation of recommendations for the biennium ended 31 December 2011 | 22 |
| III. | Certification of the financial statements | 23 |
| IV. | Financial report for the biennium ended 31 December 2013 | 24 |
| | A. Introduction | 24 |
| | B. Financial position of the United Nations University | 24 |

V. Financial statements for the biennium ended 31 December 2013 ..... 27

I. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 ..... 28

II. Statement of assets, liabilities and reserves and fund balances as at 31 December 2013 ... 34

Schedule 2.1 Combined status of pledges unpaid as at 31 December 2013 ..... 38

III. Statement of cash flows for the biennium 2012-2013, ended 31 December 2013 ..... 49

IV. Statement of appropriations for the biennium ended 31 December 2013 ..... 53

Notes to the financial statements ..... 57

# Letters of transmittal

## Letter dated 31 March 2014 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the United Nations University for the biennium ended 31 December 2013, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) **BAN** Ki-moon

## Letter dated 30 June 2014 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the United Nations University for the biennium ended 31 December 2013.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

# Chapter I

## Report of the Board of Auditors on the financial statements: audit opinion

### Report on the financial statements

We have audited the accompanying financial statements of the United Nations University (UNU) for the biennium ended 31 December 2013, which comprise the statement of income and expenditure and changes in reserves and fund balances (statement I), the statement of assets, liabilities and reserves and fund balances (statement II), the statement of cash flows (statement III), the statement of appropriations (statement IV) and the schedule and notes to the financial statements.

### Management's responsibility for the financial statements

The Comptroller of the United Nations University is responsible for the preparation and fair presentation of these financial statements in accordance with the United Nations system accounting standards, and for such internal control as management deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is appropriate and sufficient to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations University as at 31 December 2013 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

**Report on other legal and regulatory requirements**

Furthermore, in our opinion, the transactions of the United Nations University that have come to our notice, or that we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the United Nations University.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

(*Signed*) **Liu** Jiayi
Auditor General of China
(Lead Auditor)

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the United Republic of Tanzania

30 June 2014

# Chapter II
# Long-form report of the Board of Auditors

*Summary*

The Board of Auditors (the Board) has audited the financial statements and reviewed the operations of the United Nations University (UNU) for the biennium ended 31 December 2013. The audit was carried out through field visits to the UNU World Institute for Development Economics Research (UNU-WIDER) in Finland and UNU Institute for Water, Environment and Health (UNU-INWEH) in Canada, as well as a review of the financial transactions and operations at UNU headquarters in Tokyo and in Kuala Lumpur.

**Audit opinion**

The Board issued an unqualified audit report on the financial statements for the period under review, as reflected in chapter I.

**Overall conclusion**

During the period under review, UNU continued its efforts to maintain sound internal controls, improve transparency in financial management and reporting, enhance accountability under the framework of results-based management and promote good governance structures globally. However, the Board identified deficiencies in some areas, in particular the lack of a formal cooperation agreement with, and effective oversight over, the Japan Foundation for UNU and weaknesses in the preparation of project workplans.

**Key findings**

*Cooperation and relationship between the United Nations University and the Japan Foundation for the United Nations University*

The Japan Foundation for UNU is a non-governmental organization established in 1985 to serve as a vehicle for financial contributions from Japan's private sector to UNU. With the contributions raised on behalf of UNU and for UNU, the Foundation supports UNU projects such as UNU global seminars, the annual United Nations Day symposium, and other activities that UNU conducts in Japan. The Board reviewed the relationship between UNU and the Foundation, as well as the Foundation's fundraising activities using the UNU brand and noted the following:

(a) **Absence of a formal cooperation agreement between UNU and the Japan Foundation for UNU**. UNU has not signed any formal cooperation agreement with the Foundation. Notwithstanding the long and productive relationship between UNU and the Foundation, the Board considers that a signed formal agreement is necessary in order to safeguard the interests of UNU;

(b) **Use of the United Nations and the United Nations University logos and brands by the Japan Foundation for UNU without formal approval**. In October 2006, UNU informed the Foundation that United Nations Headquarters had officially approved use by the Foundation of the United Nations and United Nations University logos and brands in its daily operation, subject to informal consultation with the Office of Legal Affairs of the Secretariat;

(c) **Contributions to third parties by the Japan Foundation for UNU.** Given that the Foundation uses the names and logos of the United Nations and the United Nations University for fundraising, and that its purpose is to act as a vehicle for contributions to UNU, the Board considers that UNU should be part of the decision-making and endorsement process of the Foundation in respect of releasing its contributions. However, the Board noted cases, for example donations for the East Japan earthquake, where the Foundation released funds to a third party without formally informing UNU.

*Programme and project management*

The Board noted that indicators in the project workplan were not set in accordance with the UNU results-based management framework. For example, it lacked indicators for outputs and outcomes in the project workplan, and most of the indicators for project impacts did not include baselines, benchmarks or milestones. In addition, quantitative indicators were very limited and some indicators were insufficiently specified. Without appropriate indicators in the results framework, it is not possible to justify the resources dedicated to the programme areas and to measure UNU achievements.

**Recommendations**

The Board made a number of recommendations on the basis of its audit. The main recommendations are that UNU:

(a) **Establish a formal cooperation agreement with the Japan Foundation for UNU in order to clearly identify respective roles and responsibilities; develop appropriate accounting policies regarding how UNU will account for the gross proceeds from and the retentions made by the Foundation in preparation for International Public Sector Accounting Standards implementation;**

(b) **Include performance indicators, baselines and other key elements in the project plan.**

**Follow-up of previous recommendations**

The Board had no major overall concern about the status of the eight recommendations that it had made for the biennium 2010-2011, of which 63 per cent were fully implemented (compared with 53 per cent during the biennium 2008-2009) and 37 per cent were under implementation (compared with 35 per cent during the biennium 2008-2009).

## A. Mandate, scope and methodology

1. The United Nations University (UNU) is mandated by the General Assembly to carry out academic work of the highest quality to help resolve pressing global problems related to human survival, development and welfare. To that end, UNU focuses its research, postgraduate education and knowledge dissemination activities on the most critical problems of concern to the United Nations, in particular those that affect developing countries.

2. The Board of Auditors (the Board) has audited the financial statements and reviewed the operations of UNU for the biennium ended 31 December 2013, in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations, as well as the International Standards on Auditing.

3. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UNU as at 31 December 2013 and the results of its operations and cash flows for the financial period then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditures recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

4. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of UNU operations under financial regulation 7.5, particularly the relationship between UNU and the Japan Foundation for UNU, programme management and procurement management. The Board also followed up on its previous recommendations, and these matters are addressed in the relevant sections of the present report.

5. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly, including specific requests from the Assembly and the Advisory Committee on Administrative and Budgetary Questions.

6. The Board's observations and conclusions were discussed with the UNU administration, whose views have been appropriately reflected in the report.

## B. Main findings and recommendations

### 1. Follow-up of previous recommendations of the Board

7. Of the eight recommendations made for the biennium 2010-2011, five (63 per cent) were fully implemented and three (37 per cent) were under implementation. For the biennium 2008-2009, by way of comparison, 53 per cent of the recommendations were fully implemented, while 35 per cent were under implementation and 12 per cent were not implemented. Overall, the Board had no major concern over the recommendations under implementation, which were mainly

of an ongoing nature. Details regarding actions taken in response to the 2010-2011 recommendations are included in the present report and summarized in annex I.

8. In its letter of 11 November 2013, the Advisory Committee on Administrative and Budgetary Questions requested that the Board follow up on the issues contained in paragraphs 45 and 46 of its report (A/67/381) in respect of internal audit coverage of UNU by the Office of Internal Oversight Services (OIOS). The Board followed through with that request and noted that during the period under review a memorandum of understanding between UNU and OIOS had been drafted. Although signature by both parties was pending at the time of reporting, OIOS had audited the preparedness of UNU for implementation of IPSAS requirements for property, plant and equipment and inventory in the latter part of 2013, and will conduct an internal audit of the UNU institute in Dresden in the fourth quarter of 2014. At the time of reporting, the Board was informed by OIOS that it is in the process of finalizing the memorandum of understanding with UNU for signature by both parties. The Board acknowledges the efforts of UNU and OIOS to resolve this matter and considers that it is a positive step to improve the internal control framework of UNU.

## 2. Financial statements and financial reporting

9. Total revenue during the biennium 2012-2013 amounted to $152.30 million, which was mainly from voluntary contributions from Governments, and intergovernmental and non-governmental organizations. Expenses amounted to $129.26 million, including staff and other personnel costs of $40.03 million; research and training networks, and dissemination expenses of $59.57 million; and operating and other expenses of $29.66 million. This resulted in an excess of income over expenditure of $23.04 million.

10. As at 31 December 2013, total assets amounted to $382.08 million, compared with $363.44 million as at 31 December 2011, an increase of $18.64 million (5 per cent). Of that amount, $364.07 million (95 per cent) comprised cash, term deposits and investment and cash pools. Most of those assets were from the Endowment Fund, with donations from the Government of Japan and various other donors. Total liabilities and total reserves and fund balances were $24.49 million and $357.59 million, respectively.

*Disclosure of contributions in kind from the host Government*

11. United Nations system accounting standard 35 provides that significant voluntary contributions in kind, which can be used in the normal course of an organization's programme activity and provided that a fair value can be reasonably estimated, should be reported in the organization's financial statements.

12. The Board reviewed the contributions in kind disclosed in the notes to the financial statements together with the supporting evidence, and noted that the contributions in kind from host Governments had been excluded from the note disclosure. During the biennium 2012-2013, the UNU Centre and its eight institutes received contributions in kind amounting to approximately $30.02 million from the host Governments in respect of office buildings, staff housing and support services. In the light of the audit finding, UNU had made further disclosures in that regard in note 10 to the financial statements.

*Disclosure of expenditures relating to research and training networks, and dissemination*

13. UNU expenditures are set out under six main categories, namely, "research and training networks, and dissemination", "staff and other personnel costs", "travel expense ", "contractual services", "operating expenses" and "acquisition".

14. The Board noted that part of the operational expenditures, set out under the category of "research and training networks, and dissemination", was incurred by the Rector's Office and academic services of the UNU Centre and was not related to any particular academic programme. For instance, the expenditure category of "research and training networks, and dissemination" included an amount of $11,074 related to the purchase cost of televisions for the Rector's Office in 2012, and a post adjustment in the amount of $196,962 in 2013 for staff members, such as Chief of Staff and the Chief of Information Technology on a sample basis.

15. The Board is concerned that including part of the operational expenditures under the expenditure category of "research and training networks, and dissemination" without detailed explanation might confuse users of the financial statements. In the light of the audit finding, UNU had made further disclosure accordingly in a footnote to the financial statements.

16. Further review indicated that the above-mentioned inclusion of operational expenditures in the cost category of "research and training networks, and dissemination" was partly due to the current budget preparation practice. UNU included an amount of $2.30 million of budgeted resources for operational expenditures in the academic programme budget for the UNU Centre, which was set aside for the Rector's Office and academic services and was not supported by any academic programme activities. That practice is not consistent with the definition of an academic programme budget and could limit the resources available to deliver UNU programme activities.

17. **UNU agreed with the Board's recommendation that UNU clearly define the nature and scope of the academic programme budget and ensure that the academic programme budget is formulated according to UNU instructions.**

## 3. Progress towards the implementation of the International Public Sector Accounting Standards

18. The General Assembly, in its resolution 60/283, approved the adoption of the International Public Sector Accounting Standards (IPSAS) in the United Nations system. UNU, along with United Nations Secretariat and the United Nations Development Programme (UNDP), had originally planned to adopt the Standards in 2012. At its fifty-eighth session, the UNU Council approved the proposal to defer the full adoption of IPSAS until 1 January 2014, considering the fact that the United Nations decided to postpone the implementation of IPSAS until 2014 for the Secretariat and that the Secretary-General has administrative responsibility for the financial statements of UNU.

19. The Board continued to examine UNU progress towards IPSAS implementation since it was rated as high risk in the Board's previous report on IPSAS implementation. The Board acknowledges the efforts made by UNU for the overall smooth implementation of IPSAS since the previous biennium, including the establishment of an IPSAS implementation team; the development of a detailed

action plan; the roll-out of the new modules of Atlas on a procurement catalogue, receipt accrual process and assets management; the development of supplementary policy position paper on financial instruments; and the adjustment of opening balances in accordance with the instructions from the Accounts Division of the Secretariat.

20. However, the Board identified the following areas for further improvement:

(a) **One supplementary policy paper to be finalized**. Considering the sensitive nature and significance of the Endowment Fund, UNU decided to develop a supplementary policy paper on financial instruments in consultation with the Accounts Division of the Secretariat. At the time of audit, the supplementary policy paper was still under development;

(b) **IPSAS-compliant business procedures need to be updated**. At the time of the audit, UNU had developed the standard operating procedures for plant, property and equipment and inventory for IPSAS implementation. Other standard operating procedures to be updated, such as voluntary contributions and employee benefits, remained under development. The Board is of the view that the process of updating those business procedures needs to be accelerated in order to ensure full compliance with IPSAS requirements;

(c) **Management of IPSAS benefits to be enhanced**. A well-defined and documented IPSAS benefit realization plan has not been developed. The Board considers that the plan will provide an opportunity for UNU to monitor and maximize the achievement of its IPSAS implementation.

21. **The Board recommends that UNU: (a) continue its effort to finalize its policy position paper regarding financial instruments; (b) expedite updating pending business procedures in order to ensure full compliance with IPSAS; and (c) consider developing an IPSAS benefit realization plan to allow for full achievement of benefits as expected by IPSAS.**

## 4. Relationship between the United Nations University and the Japan Foundation for the United Nations University

22. The Japan Foundation for UNU, a non-governmental organization, was established in 1985 to serve as a receptacle for financial contributions to UNU from Japan's private sector. With the contributions raised on behalf of UNU and for UNU, the Foundation supports various UNU projects such as UNU global seminars, the annual United Nations Day symposium and other activities that UNU conducts in Japan. The Board reviewed the relationship between UNU and the Foundation, as well as the Foundation's fundraising activities using the UNU brand, and noted the deficiencies below.

*Lack of a formal cooperation agreement between the United Nations University and the Japan Foundation for UNU*

23. Notwithstanding the long and productive relationship between UNU and the Foundation, UNU has not signed any formal cooperation agreement with the Foundation to guide parties on key issues such as the nature of the relationship between UNU and the Foundation, the roles and responsibilities of each party, the scope for use of the UNU logo and brand in fundraising activities, financial reporting provisions and retention rates for administrative costs.

24. During the audit, the Board noted that out of the total expenditure of the Foundation for the biennium 2012-2013, $621,367 (or 53 per cent) was provided to UNU and $554,312 (or 47 per cent) was used to cover the operational expenditures of the Foundation. The Board considers that the operational expenditures of the Foundation appeared to be high. Furthermore, the Foundation retained some funds from donations raised on behalf of and for UNU. As at 31 December 2013, "retention" in the amount of $7.13 million was kept by the Foundation, a substantial part of which comprised bond and cash deposits. The Board considers that UNU needs to establish a formal cooperation agreement with the Foundation and to consider developing IPSAS-compliant accounting policies for the gross proceeds from and retention by the Foundation.

25. UNU stated that the collaboration is based on trust, responsibility and accountability, with no evidence of past, existing or potential reputational risks resulting from the collaboration and that a formal agreement would not bring any benefit. The Board considers that a signed formal agreement would be helpful in safeguarding the interests of UNU in the arrangement and would also be necessary in the event of any future contractual disputes. Furthermore, the Board considers that a formal agreement is the basis for judgement on the relationship between UNU and the Foundation, which is essential for the development of UNU IPSAS-compliant accounting policies covering the gross proceeds from and retention by JFUNU.

*Use of the United Nations and UNU logos and brands by the Japan Foundation for UNU without formal approval*

26. In October 2006, UNU informed the Foundation that United Nations Headquarters had officially approved use by the Foundation of the United Nations and UNU logos and brands in its daily operation. The Board requested that UNU provide formal authorization from the Office of Legal Affairs of the Secretariat, but UNU indicated that it had held informal consultations with the Office and was therefore unable to provide any response from the Office in that regard.

27. UNU stated that it would not seek formal authorization for usage of the UNU brand by the Foundation and that it was within the purview of UNU to work with the Office of Legal Affairs in both an informal and formal manner. However, the Board considers that it is helpful for UNU to have a formal legal view on the usage of the logo since it will protect UNU if problems rise in future.

*Making contributions to third parties without the United Nations University being informed*

28. The Board is of the view that since the Foundation uses the names and logos of the United Nations and UNU for fundraising, it is not a real donor to UNU but functions as a fundraiser on behalf of UNU. Therefore, funds raised by the Foundation belong to UNU. However, the Board noted cases where funds were released to third parties without the formal notification of UNU. For instance, in 2011-2012, the Foundation initiated a fundraising campaign for the East Japan earthquake and received a total amount of $11,025, following which the Foundation donated a total amount of $12,389 (including $1,364 raised for UNU) to the Collaboration Centre for Hanshin Quake Rehabilitation. The Foundation indicated that it had informed UNU about this situation, but there were no supporting

documents to substantiate its explanations. In addition, except for participation at the annual board meeting of the Foundation by UNU senior management, UNU currently does not conduct other oversight activity on the fundraising activities of the Foundation.

29. The Board considers that the current operation of the Foundation is actually under the umbrella of the logos and brands of the United Nations and UNU. In that context, the absence of a formal cooperation agreement with the Foundation and the lack of effective oversight of the Foundation by UNU could expose UNU to considerable reputational risks.

30. **The Board recommends that UNU: (a) establish a formal cooperation agreement with the Foundation in order to clearly identify respective roles and responsibilities; and (b) develop appropriate accounting policies regarding how UNU will account for the gross proceeds from and the retentions made by the Foundation in preparation for IPSAS implementation.**

## 5. Programme and project management

31. Programme planning is the process by which an organization formulates its objectives and sets its workplan to meet those objectives. Effective programme planning enables an organization to set appropriate goals and put in place effective plans to achieve them. These processes should also enable an organization to measure outcomes, assess whether it is using its resources effectively and hold people accountable for the effective use of those resources.

*Indicators in the project workplan are not set in accordance with the UNU results-based management framework*

32. The UNU programme and project management manual provides that in order to achieve expected results within the approved budget and time frame, the planning of projects requires the integration of key indicators from results that specify the project objectives; setting of baselines, benchmarks, targets and milestones; and collecting data, analysing, and reporting.

33. Based on a review of the project files at the UNU Centre, the Board noted that no indicators for outputs and outcomes were set in the project workplan, and most indicators for project impact did not include baselines, benchmarks or milestones. In addition, quantitative indicators were very limited and some indicators were insufficiently specific.

34. Without appropriate indicators in the results framework, it is not possible to justify the resources dedicated to the programme areas and to measure UNU achievements.

35. **UNU agreed with the Board's recommendation that it develop relevant guidelines for project management and include performance indicators, baselines and other key elements in the project plan in the future.**

*Weaknesses in project monitoring activities*

36. The UNU programme and project management manual stipulates that project monitoring shall include activities such as reporting and analysis on financial and non-financial aspects and validation activities such as field visits. On 1 November

2013, UNU launched the Pelikan system to support the maintenance of project information and moniter project management throughout the project life cycle.

37. The Board reviewed the functionality of the Pelikan system as well as the project monitoring activities of UNU and identified the following areas for further improvement:

(a) The Pelikan system itself provides very limited financial information on projects and does not have any data interface with the Atlas system (the UNU enterprise resource planning system) for obtaining relevant financial information. This does not facilitate financial review and control by project managers. UNU indicated that it would develop some level of integration with the Atlas system to address the Board's concern in the future;

(b) The Pelikan system does not provide any alert message that highlights forthcoming deadlines and prevents projects from being carried out over their planned end-date. The status of some projects was marked as "ongoing" despite the expiry of the end-date.

38. In addition, the Board noted that UNU did not conduct on-site review or spot checks on projects during the biennium 2012-2013. UNU explained that this was also an area that required prioritization and that these different possibilities were being considered for its implementation.

39. The Board is of the view that the financial information, reminding mechanism and spot check procedures are necessary for the control of project quality, budget and time frames and would strengthen project management at UNU.

40. **UNU agreed with the Board's recommendation that it: (a) refine the Pelikan system by prioritizing the development of new features that enhance its relevance for end-users, including managers with a focus on financial data and alert mechanisms; and (b) conduct spot checks on project implementation in accordance with the programme and project management manual.**

## 6. Procurement and contract management

*Insufficient annual procurement planning*

41. The United Nations Procurement Manual (Rev.6-March 2010) states that requisitioners and the United Nations/Procurement Division or other procurement offices shall communicate, and, to the extent feasible, meet on an annual basis to set up spending plans, including acquisition plans, for the forthcoming budgetary period(s). Such planning shall, to the extent possible, be used to obtain economies of scale and other benefits for the Organization.

42. The Board noted that UNU had no office-wide annual procurement plan for the biennium 2012-2013, nor did it develop standard operation procedures in that regard. The annual procurement plan of the UNU Centre in 2012 was $377,581, representing 7 per cent of the actual procurement amount of $5.23 million.

43. The Board is of the view that an annual procurement plan is important to ensure that UNU procure the goods and services needed to secure the implementation of programme activities. In the absence of an annual procurement plan, UNU will find it harder to consolidate similar items into one contract/tender, obtain economies of scale and optimize the use of resource allocated for

procurement. It also hinders effective monitoring and evaluation of the procurement process.

44. **UNU agreed with the Board's recommendation that it strictly follow the requirement of the United Nations Procurement Manual and strengthen the planning process by developing an office-wide annual procurement plan.**

*Lack of competitive bidding in conducting procurement*

45. The United Nations Procurement Manual (Rev.6-March 2010) provides that for acquisitions between $4,000 and $40,000, a minimum of five vendors should be invited; and that if the minimum number of potential vendors cannot be met, the procurement officer should document the reasons in that regard.

46. On a sample basis, the Board reviewed the case files of 11 procurements, each with a value exceeding $4,000, at UNU-INWEH in 2012, and noted that in each of the 11 cases, there was only one vendor quotation, far less than the minimum number of vendors required. In addition, no justification was documented for the waiver of competitive bidding.

47. The Board is concerned that since UNU did not follow a competitive process in the procurement, quality and prices quoted, the vendors might not be the most competitive and UNU might not have obtained the best value for money.

48. **UNU agreed with the Board's recommendation to ensure that UNU-INWEH strictly comply with the United Nations Procurement Manual in order to ensure sufficient competition and the control of the procurement procedure.**

*Lack of vendor performance evaluation*

49. The Board noted that the total amount of procurement at the UNU Centre, UNU-INWEH and UNU-WIDER was $6.29 million in 2012 but that none had conducted any vendor performance evaluation as required by the United Nations in the United Nations procurement manual. In addition, UNU-WIDER had extended for an additional year a leasing contract for multifunctional copiers without a vendor performance evaluation report.

50. UNU explained that a draft administrative instruction for guidelines on vendor performance evaluation was in the process of being finalized. It also explained that once the guidelines came into effect, UNU would start to produce vendor performance evaluation reports for purchase orders exceeding $40,000.

51. The Board is of the view that the vendor performance evaluation report as an essential element of procurement management needs to be produced in a timely manner.

52. **UNU agreed with the Board's recommendation to: (a) speed up the finalization of the guidelines for vendor performance evaluation; and (b) ensure that the vendor performance evaluation reports be produced in a timely manner.**

### 7. Consultants and individual contractors

*Duration of service for personnel service agreements*

53. UNU personnel policy stipulates that if UNU needs to extend the contract of personnel engaged under a personnel service agreement, whose duration of service

has reached four years, the exceptional extension of up to two years requires the approval of the Rector of UNU. The maximum duration of personnel engaged under a personnel service agreement is six years.

54. The Board sampled 40 personnel service agreement contracts renewed in 2012 and noted the following weaknesses:

(a) The duration of six contracts was more than six years and the extension of the six personnel service agreement contracts was not approved by the Rector. The Rector issued two memorandums in 2013 to emphasize the six-year principle across academic and non-academic contracts for personnel service agreement holders;

(b) Performance evaluation reports on personnel service agreements did not have any data item to show the cumulative duration of service before renewal of the current contract, which is not convenient in terms of reminding the respective hiring units of the situation and of obtaining the Rector's approval for contract renewals that have already been in effect for four years;

(c) There is no methodology for calculating "duration of service" in the UNU personnel policy (i.e., in terms of determining whether there are any breaks included or excluded in service during the period from the initial to the latest contract).

55. **UNU agreed with the Board's recommendation to: (a) revise the performance evaluation report on personnel service agreements in order to remind management to undertake corresponding procedures that comply with the UNU personnel policy; and (b) develop an administrative instruction to specify the definition of "duration of service".**

*Lack of documentation of consultant selection processes*

56. The Board reviewed 45 case files in UNU-WIDER for consultants and noted that there was no documentation of the selection process. This is inconsistent with the requirements of the United Nations procedure for engaging consultants and may weaken the internal control over human resources management.

57. UNU-WIDER explained that it was presently exploring with its donors and UNU headquarters how to implement a more systematic process for the selection of partners in accordance with the UNU-WIDER proposal to the donors.

58. **UNU agreed with the Board's recommendation to ensure that UNU-WIDER take measures to enhance the transparency and documentation of the consultant selection and recruitment process.**

## 8. Non-expendable property management

59. The financial statements of UNU reflect total non-expendable property amounting to $10.72 million as at 31 December 2013, which includes the non-expendable property that was procured by UNU or donated by other entities or individuals.

*Weaknesses in physical inventory and reporting*

60. The guidelines on property management and inventory control of UNU provide that each UNU institute ensure that a comprehensive non-expendable property

physical inventory is conducted every year, that the physical inventory certification is signed by the head of an organizational unit and that the physical inventory report is submitted to the administrative management at UNU headquarters by 31 January of the new biennium.

61. The Board reviewed the physical inventory documents of the biennium 2012-2013 and noted the following deficiencies:

(a) **Some UNU entities did not submit physical inventory reports as required**. Three entities in 2012 (the UNU Centre in Kuala Lumpur, the UNU Centre in Tokyo and the UNU New York Office) and five entities in 2013 (the UNU Centre in Kuala Lumpur, UNU-INWEH, UNU-MERIT, UNU units in Bonn and UNU-FLORES) did not submit physical inventory reports;

(b) **The physical inventory reports of some UNU entities were not certified by the heads of the respective units**. The reports of UNU-IIGH and UNU-WIDER for 2012 and 2013 were not certified by the heads of the respective units. In addition, a physical inventory report of UNU-Paris for 2013 was not certified by the head of the unit.

62. **UNU agreed with the Board's recommendation to strictly comply with the guidelines on property management and inventory control at the University.**

## C. Disclosures by management

### 1. Write-off of losses of cash, receivables and property

63. UNU informed the Board that, in accordance with financial rule 106.8(a), and with financial rule 106.9(a), respectably, receivables of $110,032.19 and non-expendable properties of $72,151.81 had been written off during the biennium 2012-2013.

### 2. Ex gratia payments

64. As required by financial rule 105.12, UNU informed the Board that there was no ex gratia payment during the period under review.

### 3. Cases of fraud and presumptive fraud

65. UNU informed the Board that there were no cases of fraud or presumptive fraud that had come to its notice during the biennium 2012-2013.

## D. Acknowledgement

66. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the United Nations University.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

(*Signed*) **Liu** Jiayi
Auditor General of China
(Lead Auditor)

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the United Republic of Tanzania

30 June 2014

# Annex

## Status of implementation of recommendations for the biennium ended 31 December 2011

| No. | Recommendation | Paragraph reference in report[a] | Financial period in which first made | Implemented | Under implementation | Not implemented | Overtaken by events |
|---|---|---|---|---|---|---|---|
| 1 | Formalize the arrangements with the Investment Management Division of the United Nations Joint Staff Pension Fund in order to clearly define the responsibilities and obligations of each entity. | Para. 25 | 2010-2011 | X | | | |
| | In cooperation with the Investment Management Division, clearly articulate the University's relationship with and the responsibility of the investment adviser (Nikko Asset Management) in terms of investment. | Para. 26 | | | | | |
| 2 | Expedite its preparations for the implementation of IPSAS, including but not limited to establishing an implementation team and developing an action plan. | Para. 33 | 2010-2011 | X | | | |
| 3 | In cooperation with UNDP, customize and enhance the Atlas system to fully support its IPSAS implementation. | Para. 34 | 2010-2011 | X | | | |
| 4 | Establish a mechanism for the effective coordination and monitoring of projects and programmes; and conduct an annual "spot check" whereby a selected number of projects are evaluated. | Para. 39 | 2010-2011 | | X | | |
| 5 | Strictly follow the requirements set out in the Procurement Manual and conduct a formal extension process with regard to the contract in a timely manner. | Para. 42 | 2010-2011 | | X | | |
| 6 | Introduce a formal procedure for contractor performance evaluation in order to improve the procurement process. | Para. 46 | 2010-2011 | X | | | |
| 7 | Improve the management of staff recruitment by strictly complying with related requirement policies and maintaining complete records relating to staff recruitment. | Para. 51 | 2010-2011 | X | | | |
| 8 | Develop a detailed formula and policy guidelines for determining the remuneration scale for temporary contractors engaged by the University; and ensure that the approval of consultant contracts is authorized in accordance with the University's personnel policy. | Para. 54 | 2010-2011 | | X | | |
| | **Total** | | **8** | **5** | **3** | **0** | **0** |
| | **Percentage** | | **100** | **62.5** | **37.5** | **0** | **0** |

[a] A/67/5 (Vol. IV).

# Chapter III
## Certification of the financial statements

### Letter dated 28 March 2014 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the United Nations University for the biennium ended 31 December 2013 have been prepared in accordance with financial rule 106.10.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information on and clarification of the financial activities undertaken by the University during the period covered by these statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations University, numbered I to IV, are correct.

(*Signed*) Maria Eugenia **Casar**
Assistant Secretary-General, Controller

# Chapter IV
# Financial report for the biennium ended 31 December 2013

## A. Introduction

1. The General Assembly adopted the Charter of the United Nations University by resolution 3081 (XXVIII) on 6 December 1973 and decided that the University would have its headquarters in the Tokyo metropolitan area. In December 2009, the Assembly amended the Charter of UNU to explicitly grant the University permission to award postgraduate degrees. Authority for the University's policies, work programmes and budget is vested in a Council of 12 members serving in their individual capacity. The Rector, who normally serves for five years and is eligible for reappointment for a subsequent term of five years, is the chief academic and administrative officer of the University.

2. The funds of the University are kept in a special account established by the Secretary-General of the United Nations. The Charter of UNU provides that capital and recurrent costs of the University shall be met from voluntary contributions to the University or from income derived therefrom.

3. The University maintains an Endowment Fund and separate operating funds for its headquarters and institutes. The Endowment Fund accumulates investments and also receives voluntary contributions. Income from investments in the Endowment Fund is used to support the activities of the University, which are accounted for in the respective operating funds. The operating funds also receive voluntary contributions directly from Governments as well as from non-governmental sources, United Nations entities, universities and individuals.

4. 2013 has marked the start of a period of significant transition and renewal for UNU. Under a new rectorate, the University has begun to explore ways in which it can better realize its potential as a strategic intellectual resource for the United Nations system. It was decided that the two Japan-based institutes — UNU Institute of Advanced Studies (Yokohama) and UNU Institute for Sustainability and Peace (Tokyo) — should be merged at the start of 2014 to create a new institute — UNU Institute for the Advanced Study of Sustainability — housed in the UNU Headquarters Building in Tokyo.

5. In response to the availability of other, lower-cost publishing options (including open-source access) for disseminating the outcomes of UNU research, the operations of the UNU Press Unit (in Tokyo) were closed at the end of 2013.

6. Although the UNU International Leadership Institute ceased operations in Jordan in 2009, its budget was maintained in the expectation that a new host country might be found for it. Given the lack of progress in that regard over the past four years, the Operating Fund of the Institute was closed at the end of 2013.

## B. Financial position of United Nations University

7. Total income for the biennium ended 31 December 2013 amounted to $152.3 million, representing a 19.5 per cent gain compared with the previous biennium.

8. The total income of the Endowment Fund for the biennium 2012-2013 increased by 33.7 per cent, from $42.8 million for the previous biennium to $57.2 million. The breakdown is as follows (in thousands of United States dollars):

| | *2013* | *2011* | *Increase (decrease)* |
|---|---|---|---|
| Voluntary contributions | 8 000 | 8 000 | – |
| Interest income[a] | 48 851 | 31 361 | 17 490 |
| Miscellaneous income[b] | 362 | 3 424 | (3 062) |
| **Total** | **57 213** | **42 785** | **14 428** |

[a] Includes gain on the sale of investments.
[b] Miscellaneous income represents net gain on foreign exchange revaluation.

9. During the biennium 2012-2013, voluntary contributions towards the Endowment Fund amounting to $8 million were received from the Government of Malaysia for UNU International Institute for Global Health.

10. Total income for the operating funds amounted to $126.1 million for the biennium 2012-2013, which is a gain of 6.1 per cent from the previous biennium. This is due mainly to an increase in voluntary contributions received to fund programmes and activities undertaken by the institutes, including the newly established UNU Institute for Integrated Management of Material Fluxes and of Resources. The breakdown is as follows (in thousands of United States dollars):

| | *2013* | *2011* | *Increase (decrease)* |
|---|---|---|---|
| Voluntary contributions | 88 819 | 76 702 | 12 117 |
| Interest income | 339 | 493 | (154) |
| Income from services rendered | 3 963 | 4 500 | (537) |
| Other/miscellaneous income | 2 229 | 2 155 | 74 |
| Transfers from the Endowment Fund | 30 761 | 35 030 | (4 269) |
| **Total** | **126 111** | **118 880** | **7 231** |

11. As shown in statement I, total expenditure for the University amounted to $129.3 million for the biennium 2012-2013, as compared with $114.9 million for the previous biennium, an increase of 12.5 per cent due to the higher foreign exchange revaluation losses incurred.

12. As at 31 December 2013, total assets amounted to $382.1 million, an increase of 5.1 per cent from the previous biennium. Investments, which are held under the Endowment Fund, account for 75.4 per cent of UNU assets. Short-term investments amounted to $4.0 million and long-term investments amounted to $284.2 million, whose market values were $4.1 million and $330.2 million, respectively. In addition, the operating funds held cash and investments of $54.4 million as of 31 December 2013, which included the UNU share of the United Nations main cash pool and euro cash pool. The assets also included $6.9 million representing pledged contributions receivable, the details of which are given in schedule 2.1.

13. The University's accrued liabilities for end-of-service and post-retirement benefits comprise those for after-service health insurance, repatriation benefits and unused vacation days. The liabilities of all three groups of accrued liabilities for end-of-service and post-retirement benefits are determined on an actuarial basis. The University's accrued liabilities for after-service health insurance, repatriation benefits and unused vacation days as at 31 December 2013 were estimated at $8.4 million, $2.5 million and $1.1 million, respectively.

14. During the biennium 2012-2013, the fund balance of the Endowment Fund increased by $19.7 million to $314.7 million as at 31 December 2013. The fund balance of the operating funds increased by $4.9 million to $54.4 million as at 31 December 2013.

15. Statement IV shows the status of operating fund and Trust Fund expenditures against appropriations for the biennium 2012-2013. Total expenditure during the biennium amounted to $119.5 million, which is within the revised appropriations of $160.7 million.

# Chapter V

## Financial statements for the biennium ended 31 December 2013

## United Nations University[a]

## I. Statement of income and expenditure and changes in reserves and fund bal es for the biennium ended 31 December 2013

(Thousands of United States dollars)

| | *UNU Centre Operating Fund* | *UNU Headquarters Building Operating Fund* | *UNU-WIDER Operating Fund* | *UNU-MERIT Operating Fund* | *UNU-IIST Op ating Fund* | *UNU-INRA Operating Fund* | *UNU-BIOLAC Operating Fund* | *UNU-IAS[b] Operating Fund* | *UNU-ILI[b] Operating Fund* |
|---|---|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | | | |
| Voluntary contributions | 6 703 | 2 090 | 14 872 | 8 726 | 2 020 | 502 | – | 15 836 | – |
| Interest income | 146 | – | 125 | 65 | 3 | – | – | – | – |
| Income for services rendered | 420 | 3 132 | 4 | 14 | 114 | 12 | – | 11 | – |
| Other/miscellaneous income: | | | | | | | | | |
| Sales income and royalties from publications | – | – | 22 | – | – | – | – | – | – |
| Miscellaneous income | 222 | 7 | 219 | 398 | 4 | 12 | – | 156 | – |
| Transfers from the Endowment Fund[c] | 13 799 | – | 4 508 | 1 922 | 3 664 | 1 623 | 914 | – | 163 |
| **Total income** | **21 290** | **5 229** | **19 750** | **11 125** | **5 805** | **2 149** | **914** | **16 003** | **163** |
| **Expenditure** | | | | | | | | | |
| Staff and other personnel costs | 14 471 | 470 | 2 781 | 1 513 | 2 848 | 1 309 | 136 | 1 728 | – |
| Travel | 1 324 | 3 | 111 | 74 | 187 | 140 | 95 | 111 | – |
| Contractual services | 118 | 80 | – | 8 | 226 | 3 | – | 9 | – |
| Operating expenses | 4 446 | 5 044 | 666 | 526 | 1 236 | 134 | 42 | 1 176 | 1 |
| Acquisitions | 266 | 169 | 143 | 67 | 51 | 22 | 7 | 13 | – |
| Research and training networks, and dissemination[d] | 7 629 | – | 11 372 | 5 099 | 1 754 | 436 | 566 | 11 048 | – |
| Transfers to operating funds[e] | – | – | – | – | – | – | – | – | – |
| **Total expenditure** | **28 254** | **5 766** | **15 073** | **7 287** | **6 302** | **2 044** | **846** | **14 085** | **1** |

## United Nations University[a]

### I. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

(Thousands of United States dollars)

| | *UNU Centre Operating Fund* | *UNU Headquarters Building Operating Fund* | *UNU-WIDER Operating Fund* | *UNU-MERIT Operating Fund* | *UNU-IIST Operating Fund* | *UNU-INRA Operating Fund* | *UNU-BIOLAC Operating Fund* | *UNU-IAS[b] Operating Fund* | *UNU-ILI[c] Operating Fund* |
|---|---|---|---|---|---|---|---|---|---|
| **Excess (shortfall) of income over expenditure[e]** | **(6 964)** | **(537)** | **4 677** | **3 838** | **(497)** | **105** | **68** | **1 918** | **162** |
| Non-budgeted accrued expenses for end-of-service and post-retirement benefits | – | – | – | – | – | – | – | – | – |
| Prior-period adjustments | (3 213) | (3) | 278 | – | – | – | – | – | (99) |
| **Net excess (shortfall) of income over expenditure** | **(10 177)** | **(540)** | **4 955** | **3 838** | **(497)** | **105** | **68** | **1 918** | **63** |
| Cancellation of prior-period obligations | 67 | – | 165 | 17 | 16 | 49 | 5 | 307 | – |
| Transfers (to) from other funds | 14 805 | 51 | – | – | – | (5) | – | (7 595) | (276) |
| Refunds to donors | – | – | – | – | (53) | – | – | – | – |
| Reserves and fund balances, beginning of period | 13 192 | 1 128 | 7 540 | 6 691 | 1 078 | 700 | 374 | 5 370 | 213 |
| **Reserves and fund balances, end of period** | **17 887** | **639** | **12 660** | **10 546** | **544** | **849** | **447** | – | – |

## United Nations University[a]

## I. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

(Thousands of United States dollars)

| | *UNU-INWEH Operating Fund* | *UNU-CRIS Operating Fund* | *UNU-EHS Operating Fund* | *UNU-IIGH Operating Fund* | *UNU-ISP[b] Operating Fund* | *UNU-GCM Operating Fund* | *UNU-Press[b] Operating Fund* | *Atlas[b] Operating Fund* | *UNU-FLORES[c] Operating Fund* |
|---|---|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | | | |
| Voluntary contributions | 5 213 | 1 284 | 7 482 | 1 670 | 16 369 | 2 520 | 101 | – | 3 431 |
| Interest income | – | – | – | – | – | – | – | – | – |
| Income for services rendered | 110 | – | – | – | 93 | – | 53 | – | – |
| Other/miscellaneous income: | | | | | | | | | |
| Sales income and royalties from publications | – | – | 13 | – | – | – | 310 | – | – |
| Miscellaneous income | 25 | – | 129 | 47 | 543 | 113 | 6 | – | 3 |
| Transfers from the Endowment Fund[c] | – | – | 284 | 2 238 | – | – | 898 | 748 | – |
| **Total income** | **5 348** | **1 284** | **7 908** | **3 955** | **17 005** | **2 633** | **1 368** | **748** | **3 434** |
| **Expenditure** | | | | | | | | | |
| Staff and other personnel costs | 3 198 | 1 271 | 1 623 | 2 167 | 3 666 | 662 | 863 | 335 | 835 |
| Travel | 103 | 3 | 77 | 122 | 49 | 58 | 32 | 54 | 134 |
| Contractual services | 1 | – | 5 | – | – | 61 | – | – | – |
| Operating expenses | 502 | 40 | 435 | 450 | 457 | 69 | 49 | 29 | 200 |
| Acquisitions | 9 | – | 12 | 49 | 5 | 38 | – | 11 | 231 |
| Research and training networks, and dissemination[d] | 2 169 | – | 5 140 | 1 373 | 12 010 | 111 | 388 | – | 167 |
| Transfers to operating funds[c] | – | – | – | – | – | – | – | – | – |
| **Total expenditure** | **5 982** | **1 314** | **7 292** | **4 161** | **16 187** | **999** | **1 332** | **429** | **1 567** |

## United Nations University[a]

### I. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

(Thousands of United States dollars)

| | *UNU-INWEH Operating Fund* | *UNU-CRIS Operating Fund* | *UNU-EHS Operating Fund* | *UNU-IIGH Operating Fund* | *UNU-ISP[b] Operating Fund* | *UNU-GCM Operating Fund* | *UNU-Press[b] Operating Fund* | *Atlas[b] Operating Fund* | *UNU-FLORES[f] Operating Fund* |
|---|---|---|---|---|---|---|---|---|---|
| **Excess (shortfall) of income over expenditure[c]** | **(634)** | **(30)** | **616** | **(206)** | **818** | **1 634** | **36** | **319** | **1 867** |
| Non-budgeted accrued expenses for end-of-service and post-retirement benefits | – | – | – | – | – | – | – | – | – |
| Prior-period adjustments | – | – | (12) | (7) | – | – | 12 | – | – |
| **Net excess (shortfall) of income over expenditure** | **(634)** | **(30)** | **604** | **(213)** | **818** | **1 634** | **48** | **319** | **1 867** |
| Cancellation of prior-period obligations | 64 | – | 66 | 6 | 70 | 3 | – | – | – |
| Transfers (to) from other funds | – | – | (4) | – | (5 600) | – | (332) | (1 044) | – |
| Refunds to donors | (4) | – | – | – | – | – | – | – | – |
| Reserves and fund balances, beginning of period | 1 095 | 30 | 662 | 3 277 | 4 712 | 2 492 | 284 | 725 | – |
| **Reserves and fund balances, end of period** | **521** | **–** | **1 328** | **3 070** | **–** | **4 039** | **–** | **–** | **1 867** |

## United Nations University[a]

## I. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

(Thousands of United States dollars)

| | *Total Operating Funds* | *Endowment Fund* | *Trust Fund* | *End-of-service and post-retirement liabilities*[g] | *All funds elimination* | *Total 2013* | *Total 2011* |
|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | |
| Voluntary contributions | 88 819 | 8 000 | 456 | – | – | 97 275[h] | 85 879 |
| Interest income | 339 | 48 851[i] | – | – | – | 49 190 | 31 854 |
| Income for services rendered | 3 963[j] | – | – | – | (723) | 3 240 | 3 976 |
| Other/miscellaneous income: | | | | | | | |
| Sales income and royalties from publications | 345 | – | – | – | – | 345 | 319 |
| Miscellaneous income | 1 884 | 362[k] | – | – | – | 2 246 | 5 462 |
| Transfers from the Endowment Fund[c] | 30 761 | – | – | – | (30 761) | – | – |
| **Total income** | **126 111** | **57 213** | **456** | **–** | **(31 484)** | **152 296** | **127 490** |
| **Expenditure** | | | | | | | |
| Staff and other personnel costs | 39 876 | – | 265 | – | (114) | 40 027 | 39 261 |
| Travel | 2 677 | – | – | – | – | 2 677 | 3 091 |
| Contractual services | 511 | – | – | – | (171) | 340 | 1 349 |
| Operating expenses | 15 502 | 10 435[l] | 56 | – | (438) | 25 555 | 16 500 |
| Acquisitions | 1 093 | – | – | – | – | 1 093 | 1 021 |
| Research and training networks, and dissemination[d] | 59 262 | – | 303 | – | – | 59 565 | 53 705 |
| Transfers to Operating Funds[c] | – | 30 761 | – | – | (30 761) | – | – |
| **Total expenditure** | **118 921** | **41 196** | **624** | **–** | **(31 484)** | **129 257** | **114 927** |
| **Excess (shortfall) of income over expenditure**[e] | **7 190** | **16 017** | **(168)** | **–** | **–** | **23 039** | **12 563** |
| Non-budgeted accrued expenses for end-of-service and post-retirement benefits | – | – | – | (2 283)[m] | – | (2 283) | (4 075) |
| Prior-period adjustments | (3 044) | 3 699 | – | – | – | 655 | (237) |
| **Net excess (shortfall) of income over expenditure** | **4 146** | **19 716** | **(168)** | **(2 283)** | **–** | **21 411** | **8 251** |

## United Nations University[a]

## I. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

(Thousands of United States dollars)

| | *Total Operating Funds* | *Endowment Fund* | *Trust Fund* | *End-of-service and post-retirement liabilities*[g] | *All funds elimination* | *Total 2013* | *Total 2011* |
|---|---|---|---|---|---|---|---|
| Cancellation of prior-period obligations | 835 | – | – | – | – | 835 | 2 290 |
| Transfers (to) from other funds | – | – | – | – | – | – | – |
| Refunds to donors | (57) | – | – | – | – | (57) | (64) |
| Reserves and fund balances, beginning of period | 49 473 | 294 960 | 750 | (9 780) | – | 335 403 | 324 926 |
| **Reserves and fund balances, end of period** | **54 397** | **314 676** | **582** | **(12 063)** | **–** | **357 592** | **335 403** |

[a] See notes 2, 3 and 4.
[b] The UNU-IAS, UNU-ILI, UNU-ISP, UNU Press and Atlas operating funds were closed as at 31 December 2013, as authorized by the Governing Council.
[c] Represents transfers from the Endowment Fund to the respective operating funds.
[d] Represents the costs of academic programme, programme development and academic support incurred by the Rector's Office and academic services at the UNU Centre. Included in the academic support costs are staff and other personnel costs and general operating expenses to support the programme and academic work of the University.
[e] Shortfall of income over expenditure is funded in some cases, in whole or in part, by utilization of the cumulative surplus as authorized by the Governing Council.
[f] The UNU-FLORES Operating Fund in Dresden, Germany, was established effective 1 January 2012. The operations of UNU-FLORES are funded by voluntary contributions from the Government of Germany.
[g] See note 7.
[h] Represents voluntary contributions from Governments of $79,302,282 and other voluntary contributions in the amount of $17,973,048.
[i] Represents interest income of $17,231,321 and gain on the sale of securities of $31,619,495.
[j] Represents income for services rendered to external organizations of $3,239,747 and within UNU operating funds of $723,048.
[k] Represents gain on the sale of securities of $?60,420 and other proceeds of $1,488.
[l] Represents loss on the sale of securities of $349,671, net loss on foreign exchange revaluation of $8,649,974, investment management fees of $1,380,714 and loss on the revaluation of short-term investment of $53,653.
[m] Represents the net increase in end-of-service and post-retirement benefits during the biennium 2012-2013.

The accompanying notes are an integral part of the financial statements.

## United Nations University[a]

## II. Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

| | *UNU Centre Operating Fund* | *UNU Headquarters Building Operating Fund* | *UNU-WIDER Operating Fund* | *UNU-MERIT Operating Fund* | *UNU-IIST Operating Fund* | *UNU-INRA Operating Fund* | *UNU-BIOLAC Operating Fund* | *UNU-IAS[b] Operating Fund* | *UNU-ILI[b] Operating Fund* |
|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | |
| Cash and term deposits | 17 513 | – | 1 714 | 1 315 | 862 | – | – | – | – |
| Cash pools | 8 677 | – | 11 583 | 8 188 | 271 | – | – | – | – |
| Short-term investments | – | – | – | – | – | – | – | – | – |
| Long-term investments | – | – | – | – | – | – | – | – | – |
| Voluntary contributions receivable | – | – | – | – | – | – | – | – | – |
| Inter-fund balances receivable | – | – | – | – | – | – | – | – | – |
| Other accounts receivable | 202 | 18 | 41 | 194 | 48 | 33 | – | – | – |
| Deferred charges and other assets[c] | 4 852 | 847 | 616 | 2 167 | 116 | 983 | 464 | – | – |
| **Total assets** | **31 244** | **865** | **13 954** | **11 864** | **1 297** | **1 016** | **464** | **–** | **–** |
| **Liabilities** | | | | | | | | | |
| Unliquidated obligations — current period | 456 | 95 | 582 | 24 | 40 | 47 | 11 | – | – |
| Unliquidated obligations — future periods | 4 734 | 26 | 615 | 842 | 116 | 115 | 6 | – | – |
| Inter-fund balances payable | – | – | – | – | – | – | – | – | – |
| Other accounts payable | 898 | 105 | 21 | 452 | 419 | 5 | – | – | – |
| Other liabilities[d] | 7 269 | – | 76 | – | 178 | – | – | – | – |
| End-of-service and post-retirement liabilities[e] | – | – | – | – | – | – | – | – | – |
| **Total liabilities** | **13 357** | **226** | **1 294** | **1 318** | **753** | **167** | **17** | **–** | **–** |
| **Reserves and fund balances** | | | | | | | | | |
| Fund principal | – | – | – | – | – | – | – | – | – |
| Balances related to projects funded by donors | 14 006 | – | 3 869 | 3 129 | 381 | 344 | – | – | – |
| Cumulative surplus (deficit) | 3 881 | 639 | 8 791 | 7 417 | 163 | 505 | 447 | – | – |
| **Total reserves and fund balances** | **17 887** | **639** | **12 660** | **10 546** | **544** | **849** | **447** | **–** | **–** |
| **Total liabilities, reserves and fund balances** | **31 244** | **865** | **13 954** | **11 864** | **1 297** | **1 016** | **464** | **–** | **–** |

## United Nations University[a]

## II. Statement of assets, liabilities and reserves and fund balances as at 31 December 2013 (continued)

(Thousands of United States dollars)

| | *UNU-INWEH Operating Fund* | *UNU-CRIS Operating Fund* | *UNU-EHS Operating Fund* | *UNU-IIGH Operating Fund* | *UNU-ISP[b] Operating Fund* | *UNU-GCM Operating Fund* | *UNU-Press[b] Operating Fund* | *Atlas[b] Operating Fund* | *UNU-FLORES[b] Operating Fund* |
|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | |
| Cash and term deposits | 824 | – | 3 485 | – | – | – | – | – | – |
| Cash pools | – | – | – | – | – | – | – | – | – |
| Short-term investments | – | – | – | – | – | – | – | – | – |
| Long-term investments | – | – | – | – | – | – | – | – | – |
| Voluntary contributions receivable | – | 678 | – | – | – | 2 621 | – | – | – |
| Inter-fund balances receivable | – | – | – | – | – | – | – | – | – |
| Other accounts receivable | 25 | 3 | 100 | – | – | 16 | – | – | 49 |
| Deferred charges and other assets[c] | 925 | 5 | 306 | 3 193 | – | 1 641 | – | – | 2 208 |
| **Total assets** | **1 774** | **686** | **3 891** | **3 193** | **–** | **4 278** | **–** | **–** | **2 257** |
| **Liabilities** | | | | | | | | | |
| Unliquidated obligations — current period | 90 | – | 66 | 7 | – | 40 | – | – | 147 |
| Unliquidated obligations — future periods | 908 | – | 288 | 114 | – | 199 | – | – | 243 |
| Inter-fund balances payable | – | – | – | – | – | – | – | – | – |
| Other accounts payable | 148 | – | 29 | 2 | – | – | – | – | – |
| Other liabilities[d] | 107 | 686 | 2 180 | – | – | – | – | – | – |
| End-of-service and post-retirement liabilities[e] | – | – | – | – | – | – | – | – | – |
| **Total liabilities** | **1 253** | **686** | **2 563** | **123** | **–** | **239** | **–** | **–** | **390** |
| **Reserves and fund balances** | | | | | | | | | |
| Fund principal | – | – | – | – | – | – | – | – | – |
| Balances related to projects funded by donors | 229 | – | 1 318 | 451 | – | – | – | – | – |
| Cumulative surplus (deficit) | 292 | – | 10 | 2 619 | – | 4 039 | – | – | 1 867 |
| **Total reserves and fund balances** | **521** | **–** | **1 328** | **3 070** | **–** | **4 039** | **–** | **–** | **1 867** |
| **Total liabilities, reserves and fund balances** | **1 774** | **686** | **3 891** | **3 193** | **–** | **4 278** | **–** | **–** | **2 257** |

## United Nations University[a]

## II. Statement of assets, liabilities and reserves and fund balances as at 31 December 2013 (continued)

(Thousands of United States dollars)

| | *Total Operating Funds* | *Endowment Fund* | *Trust Fund* | *End -of-service and post-retirement liabilities[g]* | *All funds elimination* | *Total 2013* | *Total 2011* |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and term deposits | 25 713 | 21 412 | – | – | – | 47 125 | 38 761 |
| Cash pools | 28 719[b] | – | – | – | – | 28 719 | 18 526 |
| Short-term investments | – | 4 013 | – | – | – | 4 013 | 3 140 |
| Long-term investments | – | 284 214[f] | – | – | – | 284 214 | 280 048 |
| Voluntary contributions receivable | 3 299 | 3 595 | – | – | – | 6 894 | 6 670 |
| Inter-fund balances receivable | – | 27 824 | – | – | (27 824) | – | – |
| Other accounts receivable | 729 | 1 944 | – | – | – | 2 673 | 3 721 |
| Deferred charges and other assets[c] | 18 323 | – | 614 | – | (10 496) | 8 441 | 12 573 |
| **Total assets** | **76 783** | **343 002** | **614** | **–** | **(38 320)** | **382 079** | **363 439** |
| **Liabilities** | | | | | | | |
| Unliquidated obligations — current period | 1 605 | – | – | – | – | 1 605 | 2 497 |
| Unliquidated obligations — future periods | 8 206 | – | 31 | – | – | 8 237 | 12 461 |
| Inter-fund balances payable | – | 27 824 | – | – | (27 824) | – | – |
| Other accounts payable | 2 079 | 502 | 1 | – | – | 2 582 | 3 298 |
| Other liabilities[d] | 10 496 | – | – | – | (10 496) | – | – |
| End-of-service and post-retirement liabilities[e] | – | – | – | 12 063 | – | 12 063 | 9 780 |
| **Total liabilities** | **22 386** | **28 326** | **32** | **12 063** | **(38 320)** | **24 487** | **28 036** |
| **Reserves and fund balances** | | | | | | | |
| Fund principal | – | 262 528 | – | – | – | 262 528 | 253 770 |
| Balances related to projects funded by donors | 23 727 | – | – | – | – | 23 727 | 19 723 |
| Cumulative surplus (deficit) | 30 670 | 52 148 | 582 | (12 063) | – | 71 337 | 61 910 |
| **Total reserves and fund balances** | **54 397** | **314 676** | **582** | **(12 063)** | **–** | **357 592** | **335 403** |
| **Total liabilities, reserves and fund balances** | **76 783** | **343 002** | **614** | **–** | **(38 320)** | **382 079** | **363 439** |

(Footnotes on following page)

(Footnotes to United Nations University: II. Statement of assets, liabilities and reserves and fund balances as at 31 December 2013 Table)

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[a] See notes 2, 3 and 4.

[b] The UNU-IAS, UNU-ILI, UNU-ISP, UNU Press and Atlas operating funds were closed as at 31 December 2013, as authorized by the Governing Council.

[c] Represents primarily inter-office transactions pending processing and includes commitments for future financial periods of $8,236,688.

[d] Represents inter-office transactions pending processing between the UNU Centre and institutes.

[e] Represents accrued liabilities for after-service health insurance costs of $8,381,000, for repatriation benefits of $2,549,000 and for unused vacation days of $1,133,000 as at 31 December 2013.

[f] The UNU-FLORES Operating Fund in Dresden, Germany, was established effective 1 January 2012. The operations of UNU-FLORES are funded by voluntary contributions from the Government of Germany.

[g] See note 7.

[h] Represents share of United Nations Main Cash Pool and the Euro Cash Pool, and comprises cash and term deposits of $8,264,733, short-term investments of $10,179,850, long-term investments of $10,172,417 and accrued interest receivable of $101,856. See note 4.

[i] Represents investments in bonds and equities. The market values of long-term investments were $330,174,494. See note 4 (b) and note 6.

The accompanying notes are an integral part of the financial statements.

## United Nations University

### Schedule 2.1 Combined status of pledges unpaid as at 31 December 2013

(Thousands of United States dollars)

| *Operating funds* | *Unpaid pledges as at 1 January 2012* | *Add: pledges for 2012-2013 and adjustments* | *Less: collection during 2012-2013* | *Add: gain (loss) on exchange* | *Unpaid pledges as at 31 December 2013* |
|---|---|---|---|---|---|
| **UNU Centre** | | | | | |
| Government and other donations: | | | | | |
| Austria | – | 21 | 21 | – | – |
| China | – | 50 | 50 | – | – |
| European Union (European Commission) | – | 58 | 58 | – | – |
| Finland | – | 10 | 10 | – | – |
| Germany | – | 5 116 | 5 116 | – | – |
| Iceland | – | 20 | 20 | – | – |
| Netherlands | – | 65 | 65 | – | – |
| Norway | – | 85 | 85 | – | – |
| Spain | – | 6 | 6 | – | – |
| Switzerland | – | 60 | 60 | – | – |
| **Subtotal** | – | **5 491** | **5 491** | – | – |
| Other donations: | | | | | |
| Academia Sinica (Taiwan Province of China) | – | 10 | 10 | – | – |
| Asia-Pacific Network for Global Change Research | – | 52 | 52 | – | – |
| British Council (Japan) | – | 16 | 16 | – | – |
| Farmer's Market Association | – | 41 | 41 | – | – |
| Food and Agriculture Organization of the United Nations | – | 50 | 50 | – | – |
| International Geosphere-Biosphere Programme | – | 99 | 99 | – | – |
| International Projects and Networks Virtual Learning Center, University of Granada (CEVUG) | – | 11 | 11 | – | – |
| National Research Foundation | – | 45 | 45 | – | – |
| National Science Foundation | – | 438 | 438 | – | – |
| Office of the United Nations High Commissioner for Human Rights | – | 16 | 16 | – | – |
| OMC | – | 19 | 19 | – | – |
| TopTour Corporation | – | 32 | 32 | – | – |
| United Nations Environment Programme | – | 243 | 243 | – | – |
| United Nations Industrial Development Organization | – | 25 | 25 | – | – |
| University of Tokyo | – | 93 | 93 | – | – |
| Others | – | 22 | 22 | – | – |
| **Subtotal** | – | **1 212** | **1 212** | – | – |
| **UNU Centre total** | – | **6 703** | **6 703** | – | – |

## United Nations University
## Schedule 2.1 Combined status of pledges unpaid as at 31 December 2013 (continued)

(Thousands of United States dollars)

| *Operating funds* | *Unpaid pledges as at 1 January 2012* | *Add: pledges for 2012-2013 and adjustments* | *Less: collection during 2012-2013* | *Add: gain (loss) on exchange* | *Unpaid pledges as at 31 December 2013* |
|---|---|---|---|---|---|
| **UNU Headquarters Building** | | | | | |
| Government donations: | | | | | |
| Japan | – | 2 090 | 2 090 | – | – |
| **UNU Headquarters Building total** | – | **2 090** | **2 090** | – | – |
| **UNU-WIDER** | | | | | |
| Government donations: | | | | | |
| Denmark | – | 2 734 | 2 734 | – | – |
| Finland | – | 3 281 | 3 281 | – | – |
| Korea | – | 90 | 90 | – | – |
| South Africa | – | 277 | 277 | – | – |
| Sweden | – | 4 344 | 4 344 | – | – |
| United Kingdom of Great Britain and Northern Ireland | – | 3 992 | 3 992 | – | – |
| **Subtotal** | – | **14 718** | **14 718** | – | – |
| Other donations: | | | | | |
| Central Institute for Economic Management | – | 60 | 60 | – | – |
| Cornell University | – | 68 | 68 | – | – |
| University of Copenhagen, Department of Economics | – | 26 | 26 | – | – |
| **Subtotal** | – | **154** | **154** | – | – |
| **UNU-WIDER total** | – | **14 872** | **14 872** | – | – |
| **UNU-MERIT** | | | | | |
| Government donations: | | | | | |
| Netherlands | – | 7 883 | 7 883 | – | – |
| **Subtotal** | – | **7 883** | **7 883** | – | – |
| Other donations: | | | | | |
| Asian Development Bank (Metro Manila, Philippines) | – | 31 | 31 | – | – |
| GRM International | – | 15 | 15 | – | – |
| International Development Research Centre | – | 21 | 21 | – | – |
| Maastricht Graduate School of Governance | – | 434 | 434 | – | – |
| Research Policy Institute-Lund University | – | 59 | 59 | – | – |
| Sasakawa Peace Foundation | – | 10 | 10 | – | – |
| United Nations Industrial Development Organization | – | 187 | 187 | – | – |
| University of the West Indies | – | 22 | 22 | – | – |
| UPM Consultancy and Services | – | 46 | 46 | – | – |
| Others | – | 18 | 18 | – | – |
| **Subtotal** | – | **843** | **843** | – | – |
| **UNU-MERIT total** | – | **8 726** | **8 726** | – | – |

## United Nations University

## Schedule 2.1 Combined status of pledges unpaid as at 31 December 2013 (continued)

(Thousands of United States dollars)

| *Operating funds* | *Unpaid pledges as at 1 January 2012* | *Add: pledges for 2012-2013 and adjustments* | *Less: collection during 2012-2013* | *Add: gain (loss) on exchange* | *Unpaid pledges as at 31 December 2013* |
|---|---|---|---|---|---|
| **UNU-IIST** | | | | | |
| Government donations: | | | | | |
| European Union (European Commission) | – | 51 | 51 | – | – |
| Macau, China | – | 1 845 | 1 845 | – | – |
| **Subtotal** | – | **1 896** | **1 896** | – | – |
| Other donations | | | | | |
| Elsevier (Singapore) | – | 64 | 64 | – | – |
| German Aerospace Center | – | 12 | 12 | – | – |
| University of Indonesia | – | 48 | 48 | – | – |
| **Subtotal** | – | **124** | **124** | – | – |
| **UNU-IIST total** | – | **2 020** | **2 020** | – | – |
| **UNU-INRA** | | | | | |
| Government donations: | – | – | – | – | – |
| **Subtotal** | – | – | – | – | – |
| Other donations: | | | | | |
| African Development Bank Group | – | 138 | 138 | – | – |
| International Development Research Centre | – | 330 | 330 | – | – |
| United Nations Trust Fund for Human Security | – | 34 | 34 | – | – |
| **Subtotal** | – | **502** | **502** | – | – |
| **UNU-INRA total** | – | **502** | **502** | – | – |

## United Nations University

### Schedule 2.1 Combined status of pledges unpaid as at 31 December 2013 (continued)

(Thousands of United States dollars)

| *Operating funds* | *Unpaid pledges as at 1 January 2012* | *Add: pledges for 2012-2013 and adjustments* | *Less: collection during 2012-2013* | *Add: gain (loss) on exchange* | *Unpaid pledges as at 31 December 2013* |
|---|---|---|---|---|---|
| **UNU-IAS** | | | | | |
| Government donations: | | | | | |
| Australia | – | 447 | 447 | – | – |
| Japan | – | 12 102 | 12 102 | – | – |
| **Subtotal** | – | **12 549** | **12 549** | – | – |
| Other donations | | | | | |
| Asia-Pacific Network for Global Change Research | – | 43 | 43 | – | – |
| AXA Research Fund | – | 79 | 79 | – | – |
| Canon | – | 53 | 53 | – | – |
| Christensen Fund | – | 930 | 930 | – | – |
| City of Yokohama | – | 38 | 38 | – | – |
| Ford Foundation | – | 150 | 150 | – | – |
| Ishikawa Prefecture | – | 580 | 580 | – | – |
| Kanazawa City | – | 571 | 571 | – | – |
| MacArthur Foundation | – | 186 | 186 | – | – |
| Mori Building Kabushiki Kaisha | – | 37 | 37 | – | – |
| Nansei Sekiyu Kabushiki Kaisha | – | 166 | 166 | – | – |
| Ricardo-AEA | – | 52 | 52 | – | – |
| Secretariat of the Convention on Biological Diversity | – | 271 | 271 | – | – |
| Tokyo Institute of Technology | – | 65 | 65 | – | – |
| United Nations Environment Programme | – | 26 | 26 | – | – |
| Others | – | 40 | 40 | – | – |
| **Subtotal** | – | **3 287** | **3 287** | – | – |
| **UNU-IAS total** | – | **15 836** | **15 836** | – | – |

## United Nations University

### Schedule 2.1 Combined status of pledges unpaid as at 31 December 2013 (continued)

(Thousands of United States dollars)

| *Operating funds* | *Unpaid pledges as at 1 January 2012* | *Add: pledges for 2012-2013 and adjustments* | *Less: collection during 2012-2013* | *Add/ gain (loss) on exchange* | *Unpaid pledges as at 31 December 2013* |
|---|---|---|---|---|---|
| **UNU-INWEH** | | | | | |
| Government donations: | | | | | |
| Canada | – | 3 979 | 3 979 | – | – |
| United Arab Emirates | – | 15 | 15 | – | – |
| **Subtotal** | – | **3 994** | **3 994** | – | – |
| Other donations: | | | | | |
| Anderson Water Systems | – | 10 | 10 | – | – |
| Arab Fund For Economic and Social Development | – | 45 | 45 | – | – |
| Arab Gulf Programme for Development Organization | – | 76 | 76 | – | – |
| Deutsche Gesellschaft für Internationale Zusammenarbeit | – | 172 | 172 | – | – |
| Grand Challenges Canada | – | 107 | 107 | – | – |
| International Center for Agricultural Research in the Dry Areas | – | 70 | 70 | – | – |
| International Development Research Centre | – | 20 | 20 | – | – |
| International Water Management Institute | – | 50 | 50 | – | – |
| McMaster University, Faculty of Humanities | – | 70 | 70 | – | – |
| National Environment and Planning Agency | – | 16 | 16 | – | – |
| Department of Economic and Social Affairs | – | 23 | 23 | – | – |
| United Nations Educational, Scientific and Cultural Organization | – | 281 | 281 | – | – |
| United Nations Office for Project Services | – | 98 | 98 | – | – |
| United Nations Water (UN-Water) | – | 143 | 143 | – | – |
| Walter and Duncan Gordon Foundation | – | 22 | 22 | – | – |
| Others | – | 16 | 16 | – | – |
| **Subtotal** | – | **1 219** | **1 219** | – | – |
| **UNU-INWEH total** | – | **5 213** | **5 213** | – | – |

## United Nations University

**Schedule 2.1 Combined status of pledges unpaid as at 31 December 2013** (continued)

(Thousands of United States dollars)

| *Operating funds* | *Unpaid pledges as at 1 January 2012* | *Add: pledges for 2012-2013 and adjustments* | *Less: collection during 2012-2013* | *Add: gain (loss) on exchange* | *Unpaid pledges as at 31 December 2013* |
|---|---|---|---|---|---|
| **UNU-CRIS** | | | | | |
| Government donations: | | | | | |
| Belgium | 661 | 1 284 | 1 267 | – | 678 |
| **UNU-CRIS total** | **661** | **1 284** | **1 267** | – | **678** |
| **UNU-EHS** | | | | | |
| Government donations: | | | | | |
| European Union (European Commission) | – | 451 | 451 | – | – |
| Germany | 646 | 2 564 | 3 210 | – | – |
| **Subtotal** | **646** | **3 015** | **3 661** | – | – |
| Other donations: | | | | | |
| Allianz SE | – | 65 | 65 | – | – |
| AXA S.A. | – | 106 | 106 | – | – |
| Care France | – | 218 | 218 | – | – |
| Deutsche Gesellschaft für Internationale Zusammenarbeit | – | 42 | 42 | – | – |
| Deutsches Komitee Katastrophenvorsorge | – | 26 | 26 | – | – |
| Deutsches Zentrum für Luft-und Raumfahrt | – | 1 000 | 1 000 | – | – |
| Fachhochschule Koeln | – | 18 | 18 | – | – |
| Federal Office of Civil Protection and Disaster Assistance Germany | – | 246 | 246 | – | – |
| Germanwatch | – | 828 | 828 | – | – |
| KU Leuven, Teaching and Learning Department | – | 24 | 24 | – | – |
| Maastricht Graduate School of Governance | – | 17 | 17 | – | – |
| Munich Climate Insurance Initiative | – | 484 | 484 | – | – |
| Munich Re Foundation | – | 281 | 281 | – | – |
| Munich Re Insurance | – | 275 | 275 | – | – |
| United Nations Environment Programme | – | 701 | 701 | – | – |
| University of Bonn | – | 85 | 85 | – | – |
| University of Hannover | – | 27 | 27 | – | – |
| Others | – | 24 | 24 | – | – |
| **Subtotal** | **–** | **4 467** | **4 467** | **–** | **–** |
| **UNU-EHS total** | **646** | **7 482** | **8 128** | **–** | **–** |

## United Nations University

### Schedule 2.1 Combined status of pledges unpaid as at 31 December 2013 (continued)

(Thousands of United States dollars)

| *Operating funds* | *Unpaid pledges as at 1 January 2012* | *Add: pledges for 2012-2013 and adjustments* | *Less: collection during 2012-2013* | *Add: gain (loss) on exchange* | *Unpaid pledges as at 31 December 2013* |
|---|---|---|---|---|---|
| **UNU-IIGH** | | | | | |
| Government donations: | | | | | |
| Malaysia | – | 1 091 | 1 091 | – | – |
| **Subtotal** | – | **1 091** | **1 091** | – | – |
| Other donations: | | | | | |
| Asia-Pacific Network for Global Change Research | – | 34 | 34 | – | – |
| Australian Agency for International Development | – | 480 | 480 | – | – |
| Sanatorio Americano | – | 26 | 26 | – | – |
| Universiti Sains Malaysia | – | 39 | 39 | – | – |
| **Subtotal** | – | **579** | **579** | – | – |
| **UNU-IIGH total** | – | **1 670** | **1 670** | – | – |
| **UNU-ISP** | | | | | |
| Government donations: | | | | | |
| European Union (European Commission) | – | 329 | 329 | – | – |
| Japan | – | 10 087 | 10 087 | – | – |
| Sweden | – | 142 | 142 | – | – |
| United States Environmental Protection Agency | – | 325 | 325 | – | – |
| **Subtotal** | – | **10 883** | **10 883** | – | – |

## United Nations University

**Schedule 2.1 Combined status of pledges unpaid as at 31 December 2013** (continued)

(Thousands of United States dollars)

| *Operating funds* | *Unpaid pledges as at 1 January 2012* | *Add: pledges for 2012-2013 and adjustments* | *Less: collection during 2012-2013* | *Add: gain (loss) on exchange* | *Unpaid pledges as at 31 December 2013* |
|---|---|---|---|---|---|
| Other donations: | | | | | |
| African Development Bank Group | – | 46 | 46 | – | – |
| Asia-Pacific Network for Global Change Research | – | 264 | 264 | – | – |
| Asia-Pacific Network for Sustainable Forest Management and Rehabilitation | – | 173 | 173 | – | – |
| Association of Southeast Asian Nations | – | 145 | 145 | – | – |
| Cisco Systems | – | 29 | 29 | – | – |
| Compliance and Risks | – | 19 | 19 | – | – |
| Dataserv — Ces | – | 14 | 14 | – | – |
| Dell Corporation, Ireland | – | 40 | 40 | – | – |
| Dentsu | – | 101 | 101 | – | – |
| ECODOM-Italian Household Appliances Recovery and Recycling Consortium | – | 70 | 70 | – | – |
| EMPA-Swiss Federal Laboratories For Materials Science and Technology | – | 14 | 14 | – | – |
| Ericsson | – | 26 | 26 | – | – |
| FFact Strategy and Implementation | – | 44 | 44 | – | – |
| Hewlett Packard | – | 59 | 59 | – | – |
| Hokkaido University | – | 21 | 21 | – | – |
| Ibaraki University | – | 92 | 92 | – | – |
| Institute for Global Environmental Strategies | – | 28 | 28 | – | – |
| Integrated Consultancy on Infrastructure Development and Environmental Conservation | – | 54 | 54 | – | – |
| Japan Foundation for the United Nations University | – | 356 | 356 | – | – |
| Japan Science and Technology Agency | – | 261 | 261 | – | – |
| Kanagawa International Foundation | – | 82 | 82 | – | – |
| Kirin Holdings Company | – | 683 | 683 | – | – |
| Kitakyushu University | – | 20 | 20 | – | – |
| Nokia OYJ | – | 43 | 43 | – | – |
| Nuclear Regulation Authority, Japan | – | 713 | 713 | – | – |
| OMC | – | 36 | 36 | – | – |

## United Nations University

### Schedule 2.1 Combined status of pledges unpaid as at 31 December 2013 (continued)

(Thousands of United States dollars)

| *Operating funds* | *Unpaid pledges as at 1 January 2012* | *Add: pledges for 2012-2013 and adjustments* | *Less: collection during 2012-2013* | *Add: gain (loss) on exchange* | *Unpaid pledges as at 31 December 2013* |
|---|---|---|---|---|---|
| Organisme coordonnateur agréé pour les DEEE | – | 54 | 54 | – | – |
| Osamu Saito | – | 13 | 13 | – | – |
| Philips Consumers Electronics | – | 14 | 14 | – | – |
| Sims Recycling Solutions | – | 14 | 14 | – | – |
| SWICO Recycling | – | 82 | 82 | – | – |
| TTZ Bremerhaven | – | 29 | 29 | – | – |
| Umicore Precious Metals Refining | – | 24 | 24 | – | – |
| United Nations Educational, Scientific and Cultural Organization | – | 100 | 100 | – | – |
| United Nations Environment Programme | – | 92 | 92 | – | – |
| United Nations Industrial Development Organization | – | 42 | 42 | – | – |
| University of Tokyo | – | 1 318 | 1 318 | – | – |
| Vereniging Nederlandse Verwijdering Metalektro Producten | – | 115 | 115 | – | – |
| WeCycle | – | 22 | 22 | – | – |
| Others | – | 134 | 134 | – | – |
| **Subtotal** | – | **5 486** | **5 486** | – | – |
| **UNU-ISP total** | – | **16 369** | **16 369** | – | – |

## United Nations University

**Schedule 2.1 Combined status of pledges unpaid as at 31 December 2013** (continued)

(Thousands of United States dollars)

| *Operating funds* | *Unpaid pledges as at 1 January 2012* | *Add: pledges for 2012-2013 and adjustments* | *Less: collection during 2012-2013* | *Add: gain (loss) on exchange* | *Unpaid pledges as at 31 December 2013* |
|---|---|---|---|---|---|
| **UNU-CGM** | | | | | |
| Government donations: | | | | | |
| Spain | 1 938 | 2 520 | 1 938 | 101 | 2 621 |
| **UNU-CGM total** | **1 938** | **2 520** | **1 938** | **101** | **2 621** |
| **UNU-PRESS** | | | | | |
| Government donations: | – | – | – | – | – |
| **Subtotal** | – | – | – | – | – |
| Other donations: | | | | | |
| East-West Center | – | 10 | 10 | – | – |
| Japan Society for the Promotion of Science | – | 16 | 16 | – | – |
| Kyoto University | – | 21 | 21 | – | – |
| Waseda University | – | 11 | 11 | – | – |
| Others | – | 43 | 43 | – | – |
| **Subtotal** | – | **101** | **101** | – | – |
| **UNU-PRESS total** | – | **101** | **101** | – | – |
| **UNU-FLORES** | | | | | |
| Government donations: | | | | | |
| Germany | – | 3 431 | 3 431 | – | – |
| **UNU-FLORES total** | – | **3 431** | **3 431** | – | – |
| **Operating funds total** | **3 245** | **88 819** | **88 866** | **101** | **3 299** |

## United Nations University

### Schedule 2.1 Combined status of pledges unpaid as at 31 December 2013 (continued)

(Thousands of United States dollars)

| *Endowment Fund* | *Unpaid pledges as at 1 January 2012* | *Add: pledges for 2012-2013 and adjustments* | *Less: collection during 2012-2013* | *Add: gain (loss) on exchange* | *Unpaid pledges as at 31 December 2013* |
|---|---|---|---|---|---|
| Government donations: | | | | | |
| Ghana | 422 | – | 230 | – | 192 |
| Malaysia | – | 8 000 | 8 000 | – | – |
| Venezuela (Bolivarian Republic of) | 3 003 | – | – | – | 3 003 |
| Zambia | – | 759[a] | 359 | – | 400 |
| **Endowment Fund total** | **3 425** | **8 759** | **8 589** | **–** | **3 595** |

| *Trust Fund* | *Unpaid pledges as at 1 January 2012* | *Add: pledges for 2012-2013 and adjustments* | *Less: collection during 2012-2013* | *Add: gain (loss) on exchange* | *Unpaid pledges as at 31 December 2013* |
|---|---|---|---|---|---|
| **UNU Trust Fund (UNU-FAP)** | | | | | |
| Government donations: | | | | | |
| Japan | – | 456 | 456 | – | – |
| **Trust Fund total** | **–** | **456** | **456** | **–** | **–** |
| **Grand total** | **6 670** | **98 034** | **97 911** | **101** | **6 894** |

[a] Government of Zambia agreed to continue to pay the balance of the pledge of $758,613, which was written off during the biennium 2000-2001.

## United Nations University[a]

## III. Statement of cash flows for the biennium 2012-2013, ended 31 December 2013

(Thousands of United States dollars)

| | *UNU Centre Operating Fund* | *UNU Headquarters Building Operating Fund* | *UNU-WIDER Operating Fund* | *UNU-MERIT Operating Fund* | *UNU-IIST Operating Fund* | *UNU-INRA Operating Fund* | *UNU-BIOLAC Operating Fund* | *UNU-IAS[b] Operating Fund* | *UNU-ILI[c] Operating Fund* |
|---|---|---|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | | | | |
| Net excess (shortfall) of income over expenditure (statement I) | (10 177) | (540) | 4 955 | 3 838 | (497) | 105 | 68 | 1 918 | 63 |
| (Increase) decrease in contributions receivable | – | – | – | – | – | – | – | – | – |
| (Increase) decrease in inter-fund balances receivable | – | – | – | 3 199 | – | 3 707 | 2 544 | – | 309 |
| (Increase) decrease in other accounts receivable | 157 | (18) | 19 | 208 | 29 | (13) | – | 19 | 99 |
| (Increase) decrease in deferred charges and other assets | (2 618) | 3 539 | 239 | (1 525) | 320 | (939) | (447) | 8 877 | – |
| Increase (decrease) in unliquidated obligations | 2 551 | (2 936) | 129 | 96 | (320) | 73 | (39) | (3 500) | – |
| Increase (decrease) in inter-fund balances payable | (11 849) | – | (255) | – | – | – | – | – | – |
| Increase (decrease) in other accounts payable | (481) | (96) | 20 | 161 | 375 | – | (7) | (26) | – |
| Increase (decrease) in other liabilities | 2 236 | – | 76 | (1 178) | 108 | (2 982) | (2 124) | – | (195) |
| Increase (decrease) in end-of-service and post-retirement liabilities | – | – | – | – | – | – | – | – | – |
| Less: interest income | (146) | – | (125) | (65) | (3) | – | – | – | – |
| **Net cash flows from operating activities** | **(20 327)** | **(51)** | **5 058** | **4 734** | **12** | **(49)** | **(5)** | **7 288** | **276** |
| **Cash flows from investing activities** | | | | | | | | | |
| (Increase) decrease in short-term investments | – | – | – | – | – | – | – | – | – |
| (Increase) decrease in long-term investments | – | – | – | – | – | – | – | – | – |
| Interest income | 146 | – | 125 | 65 | 3 | – | – | – | – |
| **Net cash flows from investing activities** | **146** | **–** | **125** | **65** | **3** | **–** | **–** | **–** | **–** |
| **Cash flows from financing activities** | | | | | | | | | |
| Cancellation of prior-period obligations | 67 | – | 165 | 17 | 16 | 49 | 5 | 307 | – |
| Transfers (to) from other funds | 14 805 | 51 | – | – | – | (5) | – | (7 595) | (276) |
| Refunds to donors | – | – | – | – | (53) | – | – | – | – |
| **Net cash flows from financing activities** | **14 872** | **51** | **165** | **17** | **(37)** | **44** | **5** | **(7 288)** | **(276)** |
| **Net increase (decrease) in cash and term deposits and cash pool** | **(5 309)** | **–** | **5 348** | **4 816** | **(22)** | **(5)** | **–** | **–** | **–** |
| Cash and term deposits and cash pool, beginning of period | 31 499 | – | 7 949 | 4 687 | 1 155 | 5 | – | – | – |
| **Cash and term deposits and cash pool, end of period** | **26 190** | **–** | **13 297** | **9 503** | **1 133** | **–** | **–** | **–** | **–** |

## United Nations University[a]

## III. Statement of cash flows for the biennium 2012-2013, ended 31 December 2013 (continued)

(Thousands of United States dollars)

| | *UNU-INWEH Operating Fund* | *UNU-CRIS Operating Fund* | *UNU-EHS Operating Fund* | *UNU-IIGH Operating Fund* | *UNU-ISP[d] Operating Fund* | *UNU-GCM Operating Fund* | *UNU-Press[b] Operating Fund* | *Atlas[b] Operating Fund* | *UNU-FLORES Operating Fund* |
|---|---|---|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | | | | |
| Net excess (shortfall) of income over expenditure (Statement I) | (634) | (30) | 604 | (213) | 818 | 1 634 | 48 | 319 | 1 867 |
| (Increase) decrease in contributions receivable | – | (17) | 646 | – | – | (683) | – | – | – |
| (Increase) decrease in inter-fund balances receivable | – | – | 463 | 1 738 | 635 | – | 1 095 | 1 124 | – |
| (Increase) decrease in other accounts receivable | 13 | (3) | (15) | 8 | 50 | (9) | 1 | – | (49) |
| (Increase) decrease in deferred charges and other assets | (567) | (5) | 317 | (1 309) | 5 443 | (1 044) | 57 | 64 | (2 208) |
| Increase (decrease) in unliquidated obligations | 399 | – | (421) | (192) | (1 341) | 164 | (78) | (64) | 390 |
| Increase (decrease) in inter-fund balances payable | – | – | – | – | – | – | – | – | – |
| Increase (decrease) in other accounts payable | 140 | (1) | (76) | (38) | (75) | (65) | (8) | – | – |
| Increase (decrease) in other liabilities | (81) | 56 | 1 010 | – | – | – | (783) | (399) | – |
| Increase (decrease) in end-of-service and post-retirement liabilities | – | – | – | – | – | – | – | – | – |
| Less: interest income | – | – | – | – | – | – | – | – | – |
| **Net cash flows from operating activities** | **(730)** | **–** | **2 528** | **(6)** | **5 530** | **(3)** | **332** | **1 044** | **–** |
| **Cash flows from investing activities** | | | | | | | | | |
| (Increase) decrease in short-term investments | – | – | – | – | – | – | – | – | – |
| (Increase) decrease in long-term investments | – | – | – | – | – | – | – | – | – |
| Interest income | – | – | – | – | – | – | – | – | – |
| **Net cash flows from investing activities** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Cash flows from financing activities** | | | | | | | | | |
| Cancellation of prior-period obligations | 64 | – | 66 | 6 | 70 | 3 | – | – | – |
| Transfers (to) from other funds | – | – | (4) | – | (5 600) | – | (332) | (1 044) | – |
| Refunds to donors | (4) | – | – | – | – | – | – | – | – |
| **Net cash flows from financing activities** | **60** | **–** | **62** | **6** | **(5 530)** | **3** | **(332)** | **(1 044)** | **–** |
| **Net increase (decrease) in cash and term deposits and cash pool** | **(670)** | **–** | **2 590** | **–** | **–** | **–** | **–** | **–** | **–** |
| Cash and term deposits and cash pool, beginning of period | 1 494 | – | 895 | – | – | – | – | – | – |
| **Cash and term deposits and cash pool, end of period** | **824** | **–** | **3 485** | **–** | **–** | **–** | **–** | **–** | **–** |

## United Nations University[a]

### III. Statement of cash flows for the biennium 2012-2013, ended 31 December 2013 (continued)

(Thousands of United States dollars)

| | *Total Operating Funds* | *Endowment Fund* | *Trust Fund* | *End-of-service and post-retirement liabilities[d]* | *All funds eliminations* | *Total 2013* | *Total 2011* |
|---|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | | |
| Net excess (shortfall) of income over expenditure (Statement I) | 4 146 | 19 716 | (168) | (2 283) | – | 21 411 | 8 251 |
| (Increase) decrease in contributions receivable | (54) | (170) | – | – | – | (224) | (2 438) |
| (Increase) decrease in inter-fund balances receivable | 14 814 | (22 109) | – | – | 7 295 | – | – |
| (Increase) decrease in other accounts receivable | 496 | (441) | 993 | – | – | 1 048 | 1 472 |
| (Increase) decrease in deferred charges and other assets | 8 194 | – | 194 | – | – | 8 388 | (9 562) |
| Increase (decrease) in unliquidated obligations | (5 089) | – | (27) | – | – | (5 116) | 4 576 |
| Increase (decrease) in inter-fund balances payable | (12 104) | 19 399 | – | – | (7 295) | – | – |
| Increase (decrease) in accounts payable | (177) | 480 | (1 019) | – | – | (716) | (425) |
| Increase (decrease) in other liabilities | (4 256) | – | – | – | – | (4 256) | 2 162 |
| Increase (decrease) in end-of-service and post-retirement liabilities | – | – | – | 2 283 | – | 2 283 | 4 075 |
| Less: interest income | (339) | (48 851) | – | – | – | (49 190) | (31 854) |
| **Net cash flows from operating activities** | **5 631** | **(31 976)** | **(27)** | – | – | **(26 372)** | **(23 743)** |
| **Cash flows from investing activities** | | | | | | | |
| (Increase) decrease in short-term investments | – | (873) | – | – | – | (873) | 8 991 |
| (Increase) decrease in long-term investments | – | (4 166) | – | – | – | (4 166) | (18 088) |
| Interest income | 339 | 48 851 | – | – | – | 49 190 | 31 854 |
| **Net cash flows from investing activities** | **339** | **43 812** | – | – | – | **44 151** | **22 757** |
| **Cash flows from financing activities** | | | | | | | |
| Cancellation of prior-period obligations | 835 | – | – | – | – | 835 | 2 290 |
| Transfers (to) from other funds | – | – | – | – | – | – | – |
| Refunds to donors | (57) | – | – | – | – | (57) | (64) |
| **Net cash flows from financing activities** | **778** | – | – | – | – | **778** | **2 226** |
| **Net increase (decrease) in cash and term deposits and cash pool** | **6 748** | **11 836** | **(27)** | – | – | **18 557** | **1 240** |
| Cash and term deposits and cash pool, beginning of period | 47 684 | 9 576 | 27 | – | – | 57 287 | 56 047 |
| **Cash and term deposits and cash pool, end of period** | **54 432** | **21 412** | – | – | – | **75 844** | **57 287** |

(Footnotes on following page)

(Footnotes to United Nations University: III. Statement of cash flows for the biennium 2012-2013, ended 31 December 2013 Table)

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[a] See notes 2, 3 and 4.

[b] The UNU-IAS, UNU-ILI, UNU-ISP, UNU Press and Atlas operating funds were closed as at 31 December 2013, as authorized by the Governing Council.

[c] The UNU-FLORES Operating Fund in Dresden, Germany, was established effective 1 January 2012. The operations of UNU-FLORES are funded by voluntary contributions from the Government of Germany.

[d] See note 7.

The accompanying notes are an integral part of the financial statements.

## United Nations University
## IV. Statement of appropriations for the biennium ended 31 December 2013

(Thousands of United States dollars)

| Appropriation sections | Appropriations[a] | | | Expenditures | | | |
|---|---|---|---|---|---|---|---|
| | Original | Changes | Revised | Disbursements | Unliquidated obligations | Total expenditures | Unencumbered balance |
| **UNU Centre** | | | | | | | |
| Staff and other personnel costs | 16 209 | (1 566) | 14 643 | 14 387 | 84 | 14 471 | 172 |
| General expenses | 3 956 | 2 244 | 6 200 | 6 083 | 71 | 6 154 | 46 |
| Research and training networks and dissemination[b] | 7 816 | 1 269 | 9 085 | 7 328 | 301 | 7 629 | 1 456 |
| **Subtotal** | **27 981** | **1 947** | **29 928** | **27 798** | **456** | **28 254** | **1 674** |
| **UNU Headquarters Building** | | | | | | | |
| Staff and other personnel costs | 541 | – | 541 | 470 | – | 470 | 71 |
| General expenses | 5 504 | – | 5 504 | 5 201 | 95 | 5 296 | 208 |
| Research and training networks and dissemination[b] | – | – | – | – | – | – | – |
| **Subtotal** | **6 045** | **–** | **6 045** | **5 671** | **95** | **5 766** | **279** |
| **UNU-WIDER** | | | | | | | |
| Staff and other personnel costs | 6 426 | – | 6 426 | 2 781 | – | 2 781 | 3 645 |
| General expenses | 975 | – | 975 | 920 | – | 920 | 55 |
| Research and training networks and dissemination[b] | 10 605 | 6 181 | 16 786 | 10 790 | 582 | 11 372 | 5 414 |
| **Subtotal** | **18 006** | **6 181** | **24 187** | **14 491** | **582** | **15 073** | **9 114** |
| **UNU-MERIT** | | | | | | | |
| Staff and other personnel costs | 4 550 | – | 4 550 | 1 513 | – | 1 513 | 3 037 |
| General expenses | 1 043 | – | 1 043 | 674 | 1 | 675 | 368 |
| Research and training networks and dissemination[b] | 2 236 | 6 591 | 8 827 | 5 076 | 23 | 5 099 | 3 728 |
| **Subtotal** | **7 829** | **6 591** | **14 420** | **7 263** | **24** | **7 287** | **7 133** |
| **UNU-IIST** | | | | | | | |
| Staff and other personnel costs | 2 517 | 331 | 2 848 | 2 848 | – | 2 848 | – |
| General expenses | 1 568 | 242 | 1 810 | 1 673 | 27 | 1 700 | 110 |
| Research and training networks and dissemination[b] | 1 834 | 300 | 2 134 | 1 741 | 13 | 1 754 | 380 |
| **Subtotal** | **5 919** | **873** | **6 792** | **6 262** | **40** | **6 302** | **490** |

## United Nations University
## IV. Statement of appropriations for the biennium ended 31 December 2013 (continued)

(Thousands of United States dollars)

| | *Appropriations*[a] | | | *Expenditures* | | | |
|---|---|---|---|---|---|---|---|
| *Appropriation sections* | *Original* | *Changes* | *Revised* | *Disbursements* | *Unliquidated obligations* | *Total expenditures* | *Unencumbered balance* |
| **UNU-INRA** | | | | | | | |
| Staff and other personnel costs | 1 234 | 75 | 1 309 | 1 309 | – | 1 309 | – |
| General expenses | 412 | (62) | 350 | 299 | – | 299 | 51 |
| Research and training networks and dissemination[b] | 293 | 538 | 831 | 389 | 47 | 436 | 395 |
| **Subtotal** | **1 939** | **551** | **2 490** | **1 997** | **47** | **2 044** | **446** |
| **UNU-BIOLAC** | | | | | | | |
| Staff and other personnel costs | 150 | – | 150 | 136 | – | 136 | 14 |
| General expenses | 130 | 14 | 144 | 144 | – | 144 | – |
| Research and training networks and dissemination[b] | 634 | (14) | 620 | 555 | 11 | 566 | 54 |
| **Subtotal** | **914** | **–** | **914** | **835** | **11** | **846** | **68** |
| **UNU-IAS** | | | | | | | |
| Staff and other personnel costs | 2 108 | – | 2 108 | 1 728 | – | 1 728 | 380 |
| General expenses | 1 378 | – | 1 378 | 1 309 | – | 1 309 | 69 |
| Research and training networks and dissemination[b] | 12 534 | 5 500 | 18 034 | 11 048 | – | 11 048 | 6 986 |
| **Subtotal** | **16 020** | **5 500** | **21 520** | **14 085** | **–** | **14 085** | **7 435** |
| **UNU-ILI** | | | | | | | |
| Staff and other personnel costs | – | – | – | – | – | – | – |
| General expenses | 163 | – | 163 | 1 | – | 1 | 162 |
| Research and training networks and dissemination[b] | – | – | – | – | – | – | – |
| **Subtotal** | **163** | **–** | **163** | **1** | **–** | **1** | **162** |
| **UNU-INWEH** | | | | | | | |
| Staff and other personnel costs | 4 614 | (1 412) | 3 202 | 3 198 | – | 3 198 | 4 |
| General expenses | 1 211 | (595) | 616 | 615 | – | 615 | 1 |
| Research and training networks and dissemination[b] | 6 443 | (4 043) | 2 400 | 2 079 | 90 | 2 169 | 231 |
| **Subtotal** | **12 268** | **(6 050)** | **6 218** | **5 892** | **90** | **5 982** | **236** |

## United Nations University

## IV. Statement of appropriations for the biennium ended 31 December 2013 (continued)

(Thousands of United States dollars)

| Appropriation sections | Appropriations[a] | | | Expenditures | | | |
|---|---|---|---|---|---|---|---|
| | *Original* | *Changes* | *Revised* | *Disbursements* | *Unliquidated obligations* | *Total expenditures* | *Unencumbered balance* |
| **UNU-CRIS** | | | | | | | |
| Staff and other personnel costs | 1 351 | – | 1 351 | 1 271 | – | 1 271 | 80 |
| General expenses | 44 | – | 44 | 43 | – | 43 | 1 |
| Research and training networks and dissemination[b] | – | – | – | – | – | – | – |
| **Subtotal** | **1 395** | **–** | **1 395** | **1 314** | **–** | **1 314** | **81** |
| **UNU-EHS** | | | | | | | |
| Staff and other personnel costs | 1 787 | – | 1 787 | 1 623 | – | 1 623 | 164 |
| General expenses | 529 | – | 529 | 529 | – | 529 | – |
| Research and training networks and dissemination[b] | 3 530 | 2 928 | 6 458 | 5 074 | 66 | 5 140 | 1 318 |
| **Subtotal** | **5 846** | **2 928** | **8 774** | **7 226** | **66** | **7 292** | **1 482** |
| **UNU-IIGH** | | | | | | | |
| Staff and other personnel costs | 2 332 | – | 2 332 | 2 167 | – | 2 167 | 165 |
| General expenses | 720 | – | 720 | 614 | 7 | 621 | 99 |
| Research and training networks and dissemination[b] | 5 340 | (3 071) | 2 269 | 1 373 | – | 1 373 | 896 |
| **Subtotal** | **8 392** | **(3 071)** | **5 321** | **4 154** | **7** | **4 161** | **1 160** |
| **UNU-ISP** | | | | | | | |
| Staff and other personnel costs | 4 356 | – | 4 356 | 3 666 | – | 3 666 | 690 |
| General expenses | 600 | (13) | 587 | 511 | – | 511 | 76 |
| Research and training networks and dissemination[b] | 11 998 | 5 795 | 17 793 | 12 010 | – | 12 010 | 5 783 |
| **Subtotal** | **16 954** | **5 782** | **22 736** | **16 187** | **–** | **16 187** | **6 549** |
| **UNU-GCM** | | | | | | | |
| Staff and other personnel costs | 2 986 | (2 178) | 808 | 655 | 7 | 662 | 146 |
| General expenses | 378 | (56) | 322 | 193 | 33 | 226 | 96 |
| Research and training networks and dissemination[b] | 1 856 | (1 644) | 212 | 111 | – | 111 | 101 |
| **Subtotal** | **5 220** | **(3 878)** | **1 342** | **959** | **40** | **999** | **343** |

## United Nations University

## IV. Statement of appropriations for the biennium ended 31 December 2013 (continued)

(Thousands of United States dollars)

| | *Appropriations*[a] | | | *Expenditures* | | | |
|---|---|---|---|---|---|---|---|
| *Appropriation sections* | *Original* | *Changes* | *Revised* | *Disbursements* | *Unliquidated obligations* | *Total expenditures* | *Unencumbered balance* |
| **UNU-Press** | | | | | | | |
| Staff and other personnel costs | 906 | 250 | 1 156 | 863 | – | 863 | 293 |
| General expenses | 120 | – | 120 | 81 | – | 81 | 39 |
| Research and training networks and dissemination[b] | 351 | 185 | 536 | 388 | – | 388 | 148 |
| **Subtotal** | **1 377** | **435** | **1 812** | **1 322** | **–** | **1 322** | **480** |
| **UNU-Atlas** | | | | | | | |
| Staff and other personnel costs | 461 | – | 461 | 335 | – | 335 | 126 |
| General expenses | 534 | – | 534 | 94 | – | 94 | 440 |
| Research and training networks and dissemination[b] | – | – | – | – | – | – | – |
| **Subtotal** | **995** | **–** | **995** | **429** | **–** | **429** | **566** |
| **UNU-FLORES** | | | | | | | |
| Staff and other personnel costs | 2 984 | (300) | 2 684 | 820 | 15 | 835 | 1 849 |
| General expenses | 379 | 300 | 679 | 560 | 5 | 565 | 114 |
| Research and training networks and dissemination[b] | 1 566 | – | 1 566 | 40 | 127 | 167 | 1 399 |
| **Subtotal** | **4 929** | **–** | **4 929** | **1 420** | **147** | **1 567** | **3 362** |
| **Operating funds total** | **142 192** | **17 789** | **159 981** | **117 316** | **1 605** | **118 921** | **41 060** |
| **Trust Fund** | | | | | | | |
| Trust Fund | 635 | 120 | 755 | 624 | – | 624 | 131 |
| **Subtotal** | **635** | **120** | **755** | **624** | **–** | **624** | **131** |
| **Grand total** | **142 827** | **17 909** | **160 736** | **117 940** | **1 605** | **119 545** | **41 191** |

[a] Represents original appropriation of $142,827,000 for the biennium 2012-2013, as authorized by the UNU Council at its fifty-seventh session, which was reduced through budget revisions of $5,548,000, as authorized at the 2012 bureau meeting and at the fifty-ninth and sixtieth sessions of the Council. The revised appropriations also include the increased authorized spending of $23,457,000 for specific programme activities that the Rector has been authorized by the Council to accept and utilize, thereby resulting in a total revised appropriation of $160,736,000.

[b] Represents costs of academic programmes, programme development and academic support incurred by the Rector's Office and academic services at the UNU Centre. Included in the academic support costs are staff and other personnel costs, and general operating expenses to support the programme and academic work of the University.

The accompanying notes are an integral part of the financial statements.

**United Nations University**
**Notes to the financial statements**

**Note 1**
**The United Nations University and its activities**

(a) The Charter of the United Nations University (UNU) was adopted by the General Assembly in resolution 3081 (XXVIII) of 6 December 1973.

(b) The mission of UNU, a non-traditional international educational institution, is to carry out scholarly work of the highest quality to help resolve pressing global problems of human survival, development and welfare. To that end, UNU focuses its research, postgraduate education and knowledge dissemination activities on the most critical problems of concern to the United Nations, in particular those that affect developing countries.

(c) Through its work, UNU strives to achieve two main goals: to strengthen the capacities of institutions of higher education in developing countries to carry out high-quality research and training, and to make scholarly and policy-relevant contributions to the work of the United Nations.

(d) To accomplish those objectives, the UNU Centre in Tokyo plans, coordinates and funds academic activities carried out through its institutes and programmes, namely, the UNU World Institute for Development Economics Research (UNU-WIDER), in Helsinki; the UNU Maastricht Economic and Social Research and Institute on Innovation and Technology (UNU-MERIT), in Maastricht, Netherlands; the UNU International Institute for Software Technology (UNU-IIST), in Macao, China; the UNU Institute for Natural Resources in Africa (UNU-INRA), in Accra; the UNU Programme for Biotechnology in Latin America and the Caribbean (UNU-BIOLAC), in Caracas; the UNU Institute of Advanced Studies (UNU-IAS), in Yokohama, Japan; the UNU International Leadership Institute (UNU-ILI), in Amman; the UNU Institute for Water, Environment and Health (UNU-INWEH), in Hamilton, Canada; the UNU Institute on Comparative Regional Integration Studies (UNU-CRIS), in Bruges, Belgium; the UNU Institute for Environment and Human Security (UNU-EHS), in Bonn, Germany; the UNU International Institute for Global Health (UNU-IIGH), in Kuala Lumpur; the UNU Institute for Sustainability and Peace (UNU-ISP), in Tokyo; the UNU Institute on Globalization, Culture and Mobility (UNU-GCM), in Barcelona, Spain (formerly known as UNU International Institute for the Alliance of Civilizations (UNU-IIAOC)); and the UNU Institute for Integrated Management of Material Fluxes and of Resources (UNU-FLORES), in Dresden, Germany.

Other activities of UNU are carried out through the Headquarters Building Operating Fund; the UNU Press Fund; the Atlas Fund; and the Financial Assistance Programme (UNU-FAP), which is operated through a trust fund; all of these are located in Tokyo.

**Note 2**
**Summary of significant accounting policies**

(a) The accounts of UNU are maintained in accordance with the Financial Regulations and Rules of the United Nations adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations and administrative instructions issued by the Under-Secretary-General for Management

or the Controller. They also take fully into account the United Nations system accounting standards adopted by the United Nations System Chief Executives Board for Coordination (CEB). With regard to the disclosure of accounting policies, United Nations University follows International Accounting Standard 1, "Presentation of financial statements", as modified and adopted by CEB, as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions of the United Nations system accounting standards. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) UNU accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity. The financial statements reflect the activities of each fund or group of funds of the same nature.

(c) The financial period of the University is a biennium consisting of two consecutive calendar years. These financial statements have been prepared for the biennium ended 31 December 2013, with comparative prior figures presented for the biennium ended 31 December 2011.

(d) In general, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting.

(e) The financial statements of the University are presented in United States dollars, which is the functional and presentation currency of the United Nations. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements provides a valuation materially different from the application of United Nations rates of

exchange as at the end of the financial period, a footnote will be presented quantifying the difference.

(f) The financial statements of UNU are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The statement of cash flows is based on the "indirect method" of cash flows, as referred to in the United Nations system accounting standards.

(h) The financial statements of UNU are presented in accordance with the ongoing recommendations of the Task Force on Accounting Standards to the High-level Committee on Management.

(i) Income:

(i) The University derives its income from two sources: income from the Endowment Fund and contributions to the operating funds and to the Trust Fund;

(ii) Pledged voluntary contributions from Governments to the Endowment Fund are recorded as income on the basis of a written commitment by a prospective donor to pay a monetary contribution within the current financial period. Pledges for future years are recorded as deferred income when payment is received during the current financial year. Voluntary contributions formally pledged represent a good faith commitment of the contributor for the period and/or programme to which they relate. Pledges will be written off only in specific cases where the pledge is deemed uncollectible;

(iii) All Government contributions, unless otherwise specified, are credited to the Endowment Fund. The income derived from the investments of the Endowment Fund is allocated to the operating funds in accordance with decisions of the UNU Council;

(iv) Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instruments and investment income earned in the cash pools. All gains/losses on investments and foreign exchange differences relating to the cash pools are offset against investment income. Investment income and costs associated with the operation of investments in the cash pools are allocated to participating funds;

(v) Income for services rendered represents income received for services provided to the United Nations and other organizations that occupy offices in the UNU building and from external users of the conference and exhibition facilities;

(vi) Transfers from the Endowment Fund to the respective operating funds are shown as part of the income of operating funds;

(vii) Miscellaneous income includes income from the sale of used or surplus property, refunds of expenditure charged to prior periods, income from net gains resulting from currency translations, monies accepted for which no purpose was specified and other sundry income;

(viii) Contributions to the operating funds include income received from the Japan Foundation for UNU, which does fundraising work and collects donations on behalf of the University.

(j) Expenditure:

(i) Expenditure is incurred against authorized allotments. Total expenditure reported includes unliquidated obligations and disbursements;

(ii) Expenditure incurred for non-expendable property is charged to the budget for the period in which the property is acquired, and is not capitalized. Inventory of such non-expendable property is maintained at historical cost;

(iii) Expenditure for future financial periods is not charged to the current financial period and is recorded as deferred charges, as referred to in subparagraph (k) (v) below;

(iv) Transfers from the Endowment Fund to operating funds are included as part of the expenditure of the Endowment Fund. See subparagraph (i) (vi) above.

(k) Assets:

(i) Cash and term deposits represent funds held in demand deposit accounts and interest-bearing bank deposits;

(ii) Investments comprise investments in bonds and equities. Short-term investments are stated at lower of cost or market; long-term investments are stated at cost. No provision is made for amortization of premiums or discounts which are taken into account as part of the gain or loss when investments are sold;

(iii) Currently, the University participates in the United Nations main cash pool and the euro cash pool. The United Nations main cash pool and the euro cash pool comprise each participating fund's share of cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the pools. The investments in the cash pools are stated at their fair value and include marketable securities and other negotiable instruments acquired to produce income. Shares in the United Nations main cash pool and in the euro cash pool are reported separately in each participating fund's statement, and the composition of the investments is disclosed in the footnotes to the financial statements. Additional details are provided in note 5;

(iv) Inter-fund balances reflect transactions between the operating funds and the Endowment Fund. Inter-fund balances are settled periodically, depending upon the availability of cash resources;

(v) Deferred charges normally comprise expenditure items that are not properly chargeable in the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(vi) Other assets include inter-office transactions pending processing between the UNU Centre and its institutes and programmes;

(vii) For the purposes of the balance sheet statement only, those portions of the education grant advances that are assumed to pertain to the scholastic year completed as at the date of the financial statement are shown under deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proof of entitlement is produced, at which time the budgetary accounts are charged and the advances settled;

(viii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the University. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in notes to the financial statements.

(l) Liabilities and reserves and fund balances:

(i) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(ii) Deferred income includes pledged contributions received for future periods;

(iii) Commitments of UNU relating to prior, current, and future financial periods are shown as unliquidated obligations. Current period obligations related to the operating funds, the Endowment Fund and the Trust Fund remain valid for 12 months following the end of the biennium to which they relate;

(iv) Other liabilities include inter-office transactions pending processing between the UNU Centre and its institutes and programmes;

(v) The Endowment Fund of UNU represents the working capital fund of the UNU Centre and certain institutes. The fund principal represents the contributions of donors to the Centre or specified institutes and is invested to earn income. Pursuant to a decision of the UNU Council at its forty-sixth session, the maximum annual withdrawal is 5 per cent of the five-year average market value of the Endowment Fund (see note 4 (a) (ii));

(vi) Authorized retained surplus represents the amounts set aside as contingency funds to cover any shortfall or delay in the payment of expected contributions, to compensate for any reduction in estimated income due to currency fluctuations and to cover any special maintenance costs for the headquarters building;

(vii) Balances related to projects funded by donors represent the amount of specific programme contributions unspent during the period;

(viii) Accrued liabilities for end-of-service and post-retirement benefits comprise those for after-service health insurance, repatriation benefits and unused vacation days. The liabilities of all three groups of accrued liabilities for end-of-service and post-retirement benefits are determined on an actuarial basis;

(ix) Contingent liabilities, if any, are disclosed in the notes to the financial statements;

(x) The University is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, multi-employer defined benefit plan. An actuarial valuation of the assets and pension benefits of the Pension Fund is prepared every two years. As there is no consistent and reliable basis for allocating the related liabilities/assets and costs to individual organizations participating in the plan, the University is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has treated this plan as if it were a defined contribution plan; thus, the University's share of the related net liability/asset position of the Pension Fund is not reflected in the financial statements. The University's contribution to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, currently 7.9 per cent for the participants and 15.8 per cent for the organizations, respectively, of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. As at the date of preparation of the current financial statements, the Assembly had not invoked this provision.

(m) Trust funds may be established by the Rector. The University follows the general provisions of the Secretary-General's bulletin ST/SGB/188, on the establishment and management of trust funds, and its supporting administrative instructions ST/AI/284, ST/AI/285 and ST/AI/286, although, as indicated in paragraph 3 of bulletin ST/SGB/188, that bulletin does not apply to such institutions as UNU, which are subject to the administrative authority of their executive heads.

(n) The change from the United Nations system accounting standards to IPSAS:

(i) The United Nations is transitioning from the use of the United Nations system accounting standards to IPSAS, which will guide presentation of the financial statements of the United Nations, including those of UNU, commencing with the 2014 financial year. Hence, the present financial statements are the last statements that will be prepared based on the United Nations system accounting standards;

(ii) The International Public Sector Accounting Standards are based on full accrual accounting, which means that all assets and liabilities are presented on the face of the financial statements and expenses and that revenues are recognized when incurred/earned, irrespective of cash flows. The Standards also require significantly more note disclosures in the financial statements;

(iii) Under the United Nations system accounting standards, financial accounting and budgetary accounting are aligned. With the adoption of IPSAS, the financial statements will be presented on a full accrual basis, whereas budgetary expenditure will continue to be recorded on a modified cash basis. There will be a reconciliation between budget implementation and the financial statements, which will be presented in the notes to the financial statements;

(iv) IPSAS requires annual financial statements; commencing from the 2014 financial year, IPSAS-compliant financial statements will be prepared and audited annually.

**Note 3**
**Income and expenditure and changes in reserves and fund balances (statement I); assets, liabilities and reserves and fund balances (statement II); cash flows (statement III)**

(a) Statements I, II and III contain the financial results for all UNU funds, which are totalled into four groups of related funds and, after elimination, combined into a grand total that reflects the activities of the University. This combined presentation should not be interpreted to mean that any individual fund can be used for any purpose other than that for which it is authorized. The four groups consist of:

(i) "Operating funds", which comprise the UNU Centre Fund, the UNU Headquarters Building Fund, UNU-WIDER, UNU-MERIT, UNU-IIST, UNU-INRA, UNU-BIOLAC, UNU-IAS, UNU-ILI, UNU-INWEH, UNU-CRIS, UNU-EHS, UNU-IIGH, UNU-ISP, UNU-GCM, UN-FLORES, the UNU Press Fund and the Atlas Fund;

(ii) "Endowment Fund";

(iii) "Trust Fund" for UNU-FAP;

(iv) "End-of-service and post-retirement liabilities" for liabilities relating to after-service health insurance, unused vacation days and repatriation benefits.

(b) Statement I includes two calculations of the excess or shortfall of income compared with expenditure. The first calculation is based on income and expenditure only for the current period of the biennium. The second calculation shown is a net one, which includes non-budgeted accrued expenses for end-of-service and post-retirement benefits and any prior-period adjustments to income or expenditure.

(c) All funds eliminations. Upon the combination of all funds into the four groups (see note 3 (a)), eliminations of transactions that occur across the groups (i.e., inter-group transactions) are required in order for a fair presentation of the "Total" column. These eliminations include transactions that comprise the income of one group of funds but are the expense of another group, or a receivable of one group that is the payable of another group. All such eliminations are presented in the "All funds elimination" column.

**Note 4**
**United Nations University funds (statements I, II and III)**

(a) *Investments*. Management of the Endowment Fund has two major aspects: (i) investments and (ii) spending:

(i) Investments

The investments of the Endowment Fund are managed by a financial advisory firm and overseen by the Investment Management Division of the United Nations Joint Staff Pension Fund and the Representative of the Secretary-General for Investments of the Pension Fund. The aim of the

investment policy is to maximize long-term returns, with due consideration of appropriate risk factors, in order to provide for the cash needs of UNU. The approved policy for the long-term allocation of investments, which is under review, calls for the distribution of investments as follows: equity, 50 per cent; fixed income, 45 per cent; cash, 5 per cent;

(ii) Spending

In accordance with a decision of the Governing Council of UNU at its forty-sixth session, cash withdrawal from the Endowment Fund to finance the biennium budget is limited to 5 per cent per year of the five-year average market value.

(b) *Cash and term deposits, investments and cash pools.* The following tables show the breakdown of the total of cash and term deposits, short-term and long-term investments and the cash pools that are included in statement II, by currency and type of investment (in thousands of United States dollars):

| *Currency* | *United States dollar equivalent* |
|---|---|
| United States dollars | 153 557 |
| Euros | 94 833 |
| Japanese yen | 52 073 |
| Pounds sterling | 26 869 |
| Others | 36 739 |
| **Total** | **364 071** |

| *Type* | | *United States dollar equivalent*[a] |
|---|---|---|
| Cash and term deposits | | 47 125 |
| Short-term investments: | | |
| Bonds | | 4 013 |
| Long-term investments: | | |
| Bonds | 132 980 | |
| Equities | 151 234 | 284 214 |
| United Nations cash pools | | 28 719 |
| **Total** | | **364 071** |

[a] The market value as at 31 December 2013 was $340,346,911 for long-term investments. As indicated in footnote g of statement II assets, liabilities and reserves and fund balances, the market values of the short-term and long-term investments in the United Nations cash pools as at 31 December 2013 were $10,179,850 and $10,172,417, respectively.

(c) *Voluntary contributions receivable*. The following is an aged analysis of the pledged contributions receivable included in statement II (in thousands of United States dollars):

| *Country* | *Less than one year* | *More than one year* | *Total 2013* | *Total 2011* |
|---|---|---|---|---|
| Belgium | 678 | – | 678 | 661 |
| Germany | – | – | – | 646 |
| Ghana | – | 192 | 192 | 422 |
| Spain | – | 2 621 | 2 621 | 1 938 |
| Venezuela (Bolivarian Republic of) | – | 3 003 | 3 003 | 3 003 |
| Zambia | – | 400 | 400 | – |
| **Total** | **678** | **6 216** | **6 894** | **6 670** |

(d) *Other accounts receivable*. The following is an aged analysis of accounts receivable included in statement II (in thousands of United States dollars):

| *Accounts receivable* | *Less than one year* | *More than one year* | *Total 2013* | *Total 2011** |
|---|---|---|---|---|
| Governments | 285 | 11 | 296 | 213 |
| Staff members | 235 | 8 | 243 | 525 |
| Accrued interest | 1 639 | – | 1 639 | 1 501 |
| Other United Nations entities | 18 | – | 18 | 118 |
| Others | 470 | 7 | 477 | 1 364 |
| **Total** | **2 647** | **26** | **2 673** | **3 721** |

* Comparative figures for the analysis of other accounts receivable have been restated for other United Nations entities and others.

(e) *Deferred charges and other assets*. The following is an analysis of deferred charges and other assets included in statement II (in thousands of United States dollars):

| *Deferred charges and other assets* | *2013* | *2011* |
|---|---|---|
| Education grant advances | 204 | 112 |
| Commitments for future financial periods | 8 237 | 12 461 |
| **Total** | **8 441** | **12 573** |

(f) *Other accounts payable*. The following is an analysis of other accounts payable included in statement II (in thousands of United States dollars):

| *Other accounts payable* | *2013* | *2011** |
|---|---|---|
| Staff members | 529 | 76 |
| Vendors | 848 | 906 |
| Due to other United Nations entities | 664 | 1 068 |
| Provisions for repatriation grant claims | 107 | – |
| Others | 434 | 1 248 |
| **Total** | **2 582** | **3 298** |

* Comparative figures for the analysis of other accounts payable have been restated for staff members, vendors, due to other United Nations entities and others.

(g) *Reserves and fund balances.* The following shows the composition of total reserves and fund balances (in thousands of United States dollars):

| *Reserves and fund balances* | *2013* | *2011* |
|---|---|---|
| Net excess (shortfall) of income over expenditure | 21 411 | 8 251 |
| Cancellation of prior-period obligations | 835 | 2 290 |
| Refund to donors | (57) | (64) |
| **Subtotal** | **22 189** | **10 477** |
| Reserves and fund balances, beginning of period | 335 403 | 324 926 |
| **Reserves and fund balances, end of period** | **357 592** | **335 403** |

(h) *Endowment Fund.* The following shows the composition of the Endowment Fund by the UNU Centre/institute (in thousands of United States dollars):

| | *31 December 2013* | | | *31 December 2011** | | |
|---|---|---|---|---|---|---|
| *Centre/institute* | *Principal* | *Cumulative surplus/(deficit)* | *Total* | *Principal* | *Cumulative surplus/(deficit)* | *Total* |
| UNU-Centre | 128 161 | 24 201 | 152 362 | 128 161 | 17 565 | 145 726 |
| UNU-WIDER | 36 256 | 11 868 | 48 124 | 36 256 | 11 241 | 47 497 |
| UNU-MERIT | 15 429 | 3 879 | 19 308 | 15 429 | 3 551 | 18 980 |
| UNU-IIST | 29 997 | 7 132 | 37 129 | 29 997 | 6 504 | 36 501 |
| UNU-INRA | 7 149 | 698 | 7 847 | 6 391 | (38) | 6 353 |
| UNU-BIOLAC | 10 000 | 805 | 10 805 | 10 000 | 648 | 10 648 |
| UNU-ILI | 1 000 | 633 | 1 633 | 1 000 | 607 | 1 607 |
| UNU-EHS | 2 536 | 308 | 2 844 | 2 536 | 258 | 2 794 |
| UNU-IIGH | 32 000 | 2 624 | 34 624 | 24 000 | 854 | 24 854 |
| **Total** | **262 528** | **52 148** | **314 676** | **253 770** | **41 190** | **294 960** |

* Comparative figures for the cumulative surplus/(deficit) have been restated for the UNU Centre and UNU-INRA.

**Note 5**
**United Nations cash pools**

(a) Background:

(i) The United Nations Treasury centrally invests surplus funds on behalf of the Secretariat, including UNU. Such surplus funds are combined in two internally managed cash pools, which invest in major segments of the money and fixed-income markets. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield curve exposures across a range of maturities;

(ii) The investment activities of the cash pools are guided by the principles contained in the United Nations Investment Management Guidelines. An Investment Committee periodically assesses compliance with the Guidelines and makes recommendations for updates thereto, and also reviews performance.

(b) Investment management objectives:

Further to the Guidelines, the investment objectives of the cash pools, in order of priority, are the following:

(i) Safety: ensure the preservation of capital;

(ii) Liquidity: ensure sufficient liquidity to enable the United Nations and participating entities to readily meet all operating requirements. Only assets which have a readily available market value and can be easily converted to cash are held;

(iii) Return on investment: attain a competitive market rate of return taking into account investment risk constraints, and the cash flow characteristics of the pools. Benchmarks determine whether satisfactory market returns are being achieved in the cash pools.

(c) Cash pools:

(i) The United Nations Treasury manages investments in two cash pools — the main cash pool and the euro cash pool:

a. Effective 1 July 2013, the cash pools of United Nations Headquarters and United Nations offices away from Headquarters cash pools were combined to form the main cash pool. The main cash pool now comprises operational bank account balances and investments in United States dollars;

b. The euro cash pool comprises investments in euros; the pool participants are mostly offices away from Headquarters that may have surplus of euros from their operations;

(ii) The cash pools are invested in a variety of securities. Such securities may include, but are not restricted to, bank deposits, commercial paper, supranational securities, Government agency securities and Government securities with maturities of five years or less. Cash pools do not invest in derivative instruments, asset-backed, mortgage-backed or equity products;

(iii) Investment transactions are now accounted for on a trade date basis, reflecting a change from settlement date to trade date; the 2011 figures have not been restated since the impact of the change has been deemed to be

immaterial. Investment income is recognized on the accrual basis. Transaction costs that are directly attributable to the investment activity of the cash pools are expensed as incurred in the cash pools and the net income is distributed proportionately to the funds participating in the cash pools. Operational bank account fees are not netted but distributed to cash pool participants. The unrealized market gains/losses on securities and foreign exchange gains/losses are distributed proportionately to all participants based on their end-of-year balances;

(iv) Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the cash pool participants;

(v) As at 31 December 2013, investments in the cash pools were revalued at fair value. The 31 December 2011 comparative figures represent the book value of investments. The 2011 figures have not been restated as the impact of the change in valuation has been deemed to be immaterial.

(d) Financial information pertaining to the cash pools:

(i) As at 31 December 2013, the cash pools held total assets of $9,640.8 million; of this amount, $28.7 million was due to UNU, as reflected against the cash pool line in statement II on assets, liabilities and reserves and fund balances;

(ii) Financial information relating to the cash pools as at 31 December 2013 is summarized in table 1.

Table 1
**Summary of the assets and liabilities of the cash pools as at 31 December 2013**
(Thousands of United States dollars)

| | *Main cash pool* | *Euro cash pool* | *Total* |
|---|---|---|---|
| **Assets** | | | |
| Short-term investments[a] | 5 687 907 | 27 730 | 5 715 637 |
| Long-term investments[a] | 3 734 459 | 28 508 | 3 762 967 |
| **Total investments** | **9 422 366** | **56 238** | **9 478 604** |
| Cash | 113 200 | 35 325 | 148 525 |
| Accrued investment income | 13 084 | 570 | 13 654 |
| **Total assets** | **9 548 650** | **92 133** | **9 640 783** |
| **Liabilities** | | | |
| Payable to the United Nations University | 15 748 | 12 971 | 28 719 |
| Payable to other funds participating in the cash pools | 9 532 902 | 79 162 | 9 612 064 |
| **Total liabilities** | **9 548 650** | **92 133** | **9 640 783** |
| **Net assets** | – | – | – |

**Summary of the net income of the cash pools for the year ended 31 December 2013**

(Thousands of United States dollars)

| | *Main cash pool* | *Euro cash pool* | *Total* |
|---|---|---|---|
| **Income** | | | |
| Investment revenue | 96 592 | 2 491 | 99 083 |
| Realized gains on sales of securities | 24 643 | 2 391 | 27 034 |
| Foreign exchange adjustments | 4 241 | 50 | 4 291 |
| Unrealized gains (losses) | 4 811 | (82) | 4 729 |
| **Net income from investments** | **130 287** | **4 850** | **135 137** |
| Bank fees | (1 083) | (1) | (1 084) |
| **Net income from operations** | **129 204** | **4 849** | **134 053** |

[a] Amounts are stated at fair value.

(e) Composition of the cash pools:

Table 2 shows a breakdown of investments held in the cash pools by type of instrument:

Table 2

**Investments of the cash pools as at 31 December 2013, by type of instrument**

(Thousands of United States dollars)

| *Main cash pool* | *Book value* | *Fair value*[a] |
|---|---|---|
| Bonds | | |
| Non-United States agencies | 2 073 122 | 2 077 421 |
| Non-United States sovereigns | 670 963 | 674 773 |
| Supranationals | 250 075 | 250 246 |
| United States agencies | 555 494 | 556 492 |
| United States treasuries | 1 597 161 | 1 592 050 |
| **Subtotal** | **5 146 815** | **5 150 982** |
| Discounted instruments | 2 138 208 | 2 138 849 |
| Certificates of deposit | 250 000 | 250 003 |
| Term deposits | 1 882 532 | 1 882 532 |
| **Total investments** | **9 417 555** | **9 422 366** |

| *Euro pool* | *Book value* | *Fair value*[a] |
|---|---|---|
| Bonds | | |
| Non-United States agency | 13 942 | 13 937 |
| Non-United States sovereigns | 28 578 | 28 508 |
| Supranationals | 13 794 | 13 793 |
| **Total investments** | **56 314** | **56 238** |

| *Total of main pool and euro pool* | *Book value* | *Fair value*[a] |
|---|---|---|
| Bonds | | |
| Non-United States agencies | 2 087 064 | 2 091 358 |
| Non-United States sovereigns | 699 541 | 703 281 |
| Supranationals | 263 869 | 264 039 |
| United States agencies | 555 494 | 556 492 |
| United States treasuries | 1 597 161 | 1 592 050 |
| **Subtotal** | **5 203 129** | **5 207 220** |
| Discounted instruments | 2 138 208 | 2 138 849 |
| Certificates of deposit | 250 000 | 250 003 |
| Term deposits | 1 882 532 | 1 882 532 |
| **Total investments** | **9 473 869** | **9 478 604** |

[a] Fair value is determined by the independent custodian based on valuations of securities that are sourced from third parties.

(f) Financial risk management:

The cash pools are exposed to a variety of financial risks, including credit risk, liquidity risk, currency risk and market risk (which includes interest rate risk and other price risks), as described below:

(i) Credit risk:

The Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made. The credit ratings used are those determined by the major credit rating agencies: Standard & Poor's and Moody's are used to rate bonds and commercial paper, and the Fitch Viability Rating is used to rate bank term deposits.

The credit ratings of the issuers whose securities were held in the cash pools are shown in table 3.

Table 3
**Investments of the cash pools as at 31 December 2013, by credit ratings**
(Thousands of United States dollars)

| *Main pool* | *Total[a]* | *Ratings* |
|---|---|---|
| Bonds | 5 150 982 | S&P: 32.3% AAA and 63.1% AA+/AA; 4.6% NR; Moody's: 81.9% Aaa and 18.1% Aa1/Aa3 |
| Discounted instruments | 2 138 849 | S&P: 71.7% A-1+ and 24.1% NR; Moody's: 95.8% P-1; Fitch: 4.2% aa- |
| Certificates of deposit | 250 003 | S&P: 40% A-1; Moody's: 40% P-1; Fitch: 60% a+/a- |
| Term deposits | 1 882 532 | Fitch: 58.6% aa- and 41.4% a+/a/a- |
| **Total investments** | **9 422 366** | |

| *Euro cash pool* | *Total[a]* | *Ratings* |
|---|---|---|
| Bonds | 56 238 | S&P: 75% AAA and 25% AA+; Moody's: 100% Aaa |
| **Total investments** | **56 238** | |

[a] Represents the fair value of securities as at 31 December 2013.

(ii) Liquidity risk:

The cash pools are exposed to liquidity risk associated with the requirement that participants be able to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet commitments as and when they fall due. The major portion of the pools' cash and cash equivalents and investments are available within one day's notice to support operational requirements. Hence, the cash pools are able to respond to withdrawal needs in a timely manner, and liquidity risk is considered to be low.

(iii) Currency risk:

Currency risk is the risk that the value of investments denominated in non-United States dollars will fluctuate owing to changes in foreign exchange rates versus the United States dollar. The main cash pool has no currency risk for its investments, which are in United States dollars. The main cash pool is exposed to currency risk for operational bank balances. The euro cash pool is exposed to currency risk through the holding of securities in euros. Accordingly, funds participating in the euro cash pool are exposed to currency risk to the extent that their share of investments exceeds their operational requirements for euros.

(iv) Interest rate risk:

Interest rate risk is the risk of variability in investments' values due to changes in interest rates. In general, as interest rates rise, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, with duration being a number expressed in years. The larger the duration, the greater the interest rate risk. The cash pools are exposed to interest rate risk since their holdings comprise interest-bearing securities. As at 31 December 2013, the cash pools invested primarily in

securities with shorter terms to maturity, with the maximum term being less than four years. The average durations of the main pool and the euro pool were 0.92 years and 0.64 years, respectively, which are considered to be indicators of low interest rate risk;

Table 4 shows how the fair value of the cash pools as at 31 December 2013 would increase or decrease should the overall yield curve shift in response to changes in interest rates. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). However, in view of the current interest rate environment, the basis point shifts should be considered to be illustrative.

Table 4
**Sensitivity of the cash pools to interest rates as at 31 December 2013**

| *Shift in yield curve (Basis points)* | *Change in fair value (millions of United States dollars)* | | |
|---|---|---|---|
| | *Main cash pool* | *Euro cash pool* | *Total* |
| -200 | 174.0 | 1.1 | 175.1 |
| -150 | 130.0 | 0.8 | 130.8 |
| -100 | 87.0 | 0.6 | 87.6 |
| -50 | 43.0 | 0.3 | 43.3 |
| 0 | 0.0 | 0.0 | 0.0 |
| 50 | -43.0 | -0.3 | -43.3 |
| 100 | -87.0 | -0.6 | -87.6 |
| 150 | -130.0 | -0.8 | -130.8 |
| 200 | -174.0 | -1.1 | -175.1 |

(v) Other price risk:

The cash pools are not exposed to significant other price risk, as the pools do not sell short or borrow securities or purchase securities on margin, all of which limits the potential loss of capital.

**Note 6**
**Investments of the Endowment Fund**

(a) Background:

The investments of the Endowment Fund are managed by a financial advisory firm and overseen by the Investment Management Division of the United Nations Joint Staff Pension Fund and the Representative of the Secretary-General for Investments of the Pension Fund.

(b) The investment management objectives are the following:

(i) Safety: ensure the preservation of capital;

(ii) Liquidity: ensure sufficient liquidity to enable the United Nations University to readily meet all operating requirements. Only assets that have a readily available market value and can be easily converted to cash are held;

(iii) Return on investment: attain a competitive market rate of return taking into account investment risk constraints and multi-currency cash flow characteristics. Performance relative to benchmarks determine whether satisfactory market returns are being achieved in the investment.

(c) Financial information:

(i) The investments of the Endowment Fund comprise a variety of securities. Such securities may include, but are not restricted to, bank deposits, supranational securities, Government agency securities, corporate equity or corporate debt securities and Government securities. The securities are denominated in multi-currencies other than United States dollars to facilitate the multi-currency requirements of the University. The Endowment Fund does not invest in derivative instruments or asset-backed or mortgage-backed products;

(ii) Investment transactions are accounted for on a trade date basis, reflecting a change from settlement date to trade date; the 2011 figures have not been restated as the impact of the change has been deemed to be immaterial. Investment income is recognized on the accrual basis; bank fees and other transaction costs that are directly attributable to the investment activity of the Endowment Fund are expensed as incurred, and the net income is distributed proportionately to the funds participating in the Endowment Fund;

(iii) Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the Endowment Fund participants;

(iv) As at 31 December 2013, the Endowment Fund held investments of $288.2 million, as reflected in statement II, on assets, liabilities and reserves and fund balances;

(v) Performance for the period 1 January 2012 through 31 December 2013 is summarized in table 1.

Table 1
**Summary of net income from investments of the Endowment Fund for the biennium ended 31 December 2013**
(Thousands of United States dollars)

| | *Total* |
|---|---|
| **Net income** | |
| Interest income | 8 471 |
| Dividend income | 3 760 |
| Gains on sale of securities | 31 980 |
| Less: Loss on sale of securities | (349) |
| Loss on the revaluation of short-term investments | (54) |
| Net loss on foreign exchange revaluation | (8 649) |
| Investment management fees | (1 381) |
| **Net income** | **38 778** |

(d) Composition of the investments:

Table 2 shows a breakdown of the investments by type of instrument:

Table 2
**Investments as at 31 December 2013, by type of instrument**
(Thousands of United States dollars)

| | *Book value* | *Fair value*[a] |
|---|---|---|
| **Bonds** | | |
| Government agencies | 31 846 | 32 430 |
| Government bonds | 61 181 | 64 125 |
| Municipal/provincial bonds | 7 005 | 6 593 |
| Non-United States sovereigns and supranational | 17 479 | 18 229 |
| United States treasuries | 18 206 | 18 061 |
| Corporate | 1 276 | 1 293 |
| **Total bonds** | **136 993** | **140 731** |
| **Equities** | | |
| North American equities | 91 568 | 115 335 |
| European equities | 41 494 | 55 660 |
| Japanese equities | 13 362 | 16 802 |
| Asia ex-Japan equities | 4 115 | 4 454 |
| Emerging markets equities | 695 | 1 256 |
| **Total equities** | **151 234** | **193 507** |

[a] Fair value is determined by the independent custodian on the basis of valuations of securities sourced from third parties.

(e) Financial risk management:

The investments of the Endowment Fund are exposed to a variety of financial risks. Equities are exposed to varying degrees of risk, depending on multiple factors. In general, equities in developed economies are considered to be less risky than those in emerging markets. Risks associated with bonds include credit risk, interest rate risk, liquidity risk, currency risk and market risk (which includes interest rate risk and other price risks), as described below:

(i) Credit risk:

Risks associated with bonds are rated by the major credit rating agencies. The credit ratings, as determined by Moody's, of the bonds held as at 31 December 2013 are shown in table 3.

Table 3
**Credit ratings as at 31 December 2013**
(Thousands of United States dollars)

| *Investment* | *Total*[a] | *Ratings* |
|---|---|---|
| Bonds | 136 993 | Moody's: 57.8% Aaa, 25.3% Aa1/Aa3, 0.6% Ba3, 16.3% Baa1/Baa2/Baa3 |

[a] Represents the book value of bonds as at 31 December 2013.

(ii) Liquidity risk:

The investments of the Endowment Fund are exposed to liquidity risk associated with the requirement that the University be able to make withdrawals on short notice. Sufficient cash and marketable securities are held to meet the University's commitments as and when they fall due. The major portion of the Fund's cash and cash equivalents and investments are available within one day's notice to support operational requirements. Hence, the investment is able to respond to withdrawal needs in a timely manner, and liquidity risk is considered to be low.

(iii) Currency risk:

Currency risk is the risk that the value of investments denominated in non-United States dollars will fluctuate owing to changes in foreign exchange rates versus the United States dollar. The investments in the Endowment Fund are exposed to currency risk through the holding of securities in foreign currencies to the extent that the investments in foreign currencies exceed operational requirements for the respective foreign currencies.

(iv) Interest rate risk:

Interest rate risk is the risk of variability in investments' values due to changes in interest rates. In general, as interest rates rise, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, with duration being a number expressed in years. The larger the duration, the greater the interest rate risk. Bonds held by the Endowment Fund are exposed to interest rate risk. As at 31 December 2013, the Endowment Fund had investments in bonds across the yield curve such that the total bond portfolio had an average duration of 5.5 years. Table 4 shows how the fair value of the bonds held as at 31 December 2013 would increase or decrease should the overall yield curve shift in response to changes in interest rates. The impact of a shift downward or upward of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). However, in view of the current interest rate environment, the basis point shifts should be considered to be illustrative.

Table 4
**Sensitivity of the bonds held by the Endowment Fund as at 31 December 2013**

| *Shift in yield curve (Basis points)* | *Change in fair value (millions of United States dollars)* |
|---|---|
| -200 | 17 |
| -150 | 12 |
| -100 | 8 |
| -50 | 4 |
| 0 | 0 |
| 50 | -4 |
| 100 | -7 |
| 150 | -11 |
| 200 | -14 |

(v) Other price risk:

The investment held on behalf of the Endowment Fund is not exposed to significant other price risk, as it does not sell short or borrow securities or purchase securities on margin, all of which limits the potential loss of capital.

**Note 7**
**End-of-service and post-retirement benefits**

(a) End-of-service and post-retirement benefits comprise after-service health insurance coverage, repatriation benefits and commutation of unused vacation days. As disclosed in note 2 (l) (viii), all three liabilities are determined on the basis of an actuarial valuation which was undertaken by an independent, qualified actuarial firm.

(b) After-service health insurance:

(i) Upon end of service, staff members and their dependants may elect to participate in a defined benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those recruited after 1 July 2007, and five years for those recruited prior to that date. This benefit is referred to as after-service health insurance;

(ii) The major assumptions used by the actuarial firm to determine the liabilities for after-service health insurance as at 31 December 2013 were:

a. A single equivalent discount rate of 5.06 per cent;

b. A flat health-care yearly escalation rate of 5.0 per cent for non-United States medical plans, health-care escalation rates of 7.3 per cent for all other medical plans (except 6.3 per cent for the United States Medicare plan, and 5.0 per cent for the United States dental plan), grading down to 4.5 per cent over 10 years;

c. Retirement, withdrawal and mortality assumptions consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits;

(iii) Another factor in the valuation of the after-service health insurance is to consider contributions by all plan participants in determining the University's residual liability. Thus, contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted in order to arrive at the University's residual liability in accordance with cost sharing ratios authorized by the General Assembly. These ratios require that the University's share shall not exceed one half for non-United States health plans, two thirds for United States health plans and three quarters for the medical insurance plan;

(iv) On the basis outlined in (ii) and (iii) above, the present value of the accrued liability as at 31 December 2013, net of contributions from plan participants, was estimated at $8,381,000;

(Thousands of United States dollars)

| *After-service health insurance liability* | *Accrued liability* |
|---|---|
| Gross liability | 14 216 |
| Offset by contributions from plan participants | (5 835) |
| **Net liability** | **8 381** |

(v) Further to the assumptions in (ii) above, it is estimated that the present value of the liability would increase by 24 per cent or decrease by 18 per cent, respectively, if the medical cost trend should increase or decrease by 1 per cent, all other assumptions remaining constant. Similarly, it is estimated that accrued liability would increase by 25 per cent or decrease by 20 per cent, respectively, if the discount rate should decrease or increase by 1 per cent, all other assumptions remaining constant.

(c) Repatriation benefits:

(i) Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant that is based upon length of service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits;

(ii) As referred to in note 2 (l) (viii), an actuarial firm was engaged to carry out an actuarial valuation of repatriation benefits as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 3.99 per cent; annual salary increases consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits; and travel and shipment cost increases of 2.5 per cent per annum;

(iii) On the basis of these assumptions, the present value of the accrued liability for repatriation benefits as at 31 December 2013 was estimated at $2,549,000.

(d) Unused vacation days:

(i) Upon end of service, staff members may commute unused vacation days, up to a maximum of 60 working days for those holding fixed-term or continuing appointments;

(ii) As referred to in note 2 (l) (viii), an actuarial firm was engaged to carry out an actuarial valuation of the liability associated with unused vacation days as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.12 per cent; and an annual rate of increase in accumulated annual leave balances of 10.9 days in each of the first three years, 1 day per year in the fourth to eighth years, and 0.5 days annually thereafter, capping at an accumulation of 60 days. Salaries are assumed to increase annually at rates consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits;

(iii) On the basis of these assumptions, the present value of the accrued liability for unused vacation days as at 31 December 2013 was estimated at $1,133,000.

## Note 8
## Contributions in kind

During the biennium 2012-2013, the University received voluntary contributions in kind for personnel, and various goods and services from Governments and other organizations. The estimated fair value of such contributions in kind is as follows (in thousands of United States dollars):

| *Location* | *2013* | *2011* |
|---|---|---|
| UNU Centre, Tokyo | 1 628 | 4 567 |
| UNU Centre, Kuala Lumpur | 65 | – |
| UNU, Paris | 96 | 60 |
| UNU-CRIS, Bruges, Belgium | 356 | – |
| UNU-WIDER, Helsinki | 32 | 15 |
| UNU-IAS, Yokohama, Japan | 2 491 | 2 716 |
| UNU-Vice Rectorate in Europe, Bonn, Germany | 813 | 43 |
| UNU-EHS, Bonn, Germany | 421 | 126 |
| UNU-IIGH, Kuala Lumpur | 518 | – |
| **Total** | **6 420** | **7 527** |

## Note 9
## Non-expendable property

(a) In accordance with the University's accounting policies, non-expendable property is not included in the fixed assets of UNU but is charged against the current appropriations when acquired. The following table shows the non-expendable property at the UNU Centre and the University's institutes/programmes as at 31 December 2013 and 2011, respectively, according to the cumulative records of UNU (in thousands of United States dollars):

| *Location* | *2013* | *2011* |
|---|---|---|
| UNU Centre, Tokyo | 5 456 | 2 876 |
| UNU Centre, Kuala Lumpur | 122 | 104 |
| UNU, New York, United States of America | 62 | 85 |
| UNU, Paris | 32 | 33 |
| UNU-Vice Rectorate in Europe, Bonn, Germany | 809 | 788 |
| UNU-WIDER, Helsinki | 458 | 183 |
| UNU-MERIT, Maastricht, the Netherlands | 464 | 511 |
| UNU-IIST, Macao, China | 334 | 314 |
| UNU-INRA, Accra | 236 | 219 |
| UNU-INRA, Lusaka | 70 | 154 |
| UNU-BIOLAC, Caracas | 82 | 82 |
| UNU-IAS, Yokohama, Japan | 1 032 | 802 |
| UNU-INWEH, Hamilton, Canada | 223 | 232 |
| UNU-EHS, Bonn, Germany | 199 | 226 |
| UNU-IIGH, Kuala Lumpur | 257 | 213 |
| UNU-ISP, Tokyo | 576 | 62 |
| UNU-ISP, Bonn, Germany | 12 | 12 |
| UNU-GCM, Barcelona, Spain | 36 | – |
| UNU-FLORES, Dresden, Germany | 260 | – |
| **Total** | **10 720** | **6 886** |

(b) The change in non-expendable property is summarized below (in thousands of United States dollars):

| | *2013* | *2011* |
|---|---|---|
| Opening balance as at 1 January | 6 886 | 6 348 |
| Add: acquisitions | 1 202 | 1 336 |
| Less: write-offs due to accidents, thefts and damages | (72) | (2) |
| Less: dispositions | (1 539) | (1 266) |
| Other adjustments[a] | 4 243 | 470 |
| **Balance as at 31 December** | **10 720** | **6 886** |

[a] Represents group inventory items ($2,535,968) special items ($368,228) and donated items ($90,055) that were previously excluded, items found during the physical count ($1,847,002), less adjustments for items not meeting non-expendable property definition ($447,819) and cost corrections ($150,226).

In addition to the above-mentioned inventory records, separate inventory records are maintained for furniture and equipment that have been made available to the UNU Centre and institutes/programmes by the respective host countries and certain private donors.

## Note 10
## Facilities provided by host Governments/donors

During the biennium 2012-2013, the University received contributions in kind, mainly buildings and office space, provided under host country/donor agreements. In accordance with the University's accounting policies, contributions provided under host country agreements are not reported in the notes as voluntary contributions in kind.

The estimated fair value of such contributions in kind provided, under host country donor agreements, is as follows (in thousands of United States dollars):

| *Donor* | *2013* |
|---|---|
| Government of Canada | 320 |
| Government of Dubai | 17 |
| Government of Finland | 663 |
| Government of Ghana | 259 |
| Government of Japan | 24 858 |
| Government of Macau, China | 2 460 |
| Government of Malaysia | 194 |
| Government of the Netherlands | 706 |
| Government of Venezuela (Bolivarian Republic of) | 96 |
| Government of Zambia | 114 |
| Generalitat of Catalonia | 328 |
| **Total** | **30 015** |